Appeal Court

rules on

UK insider

dealing law

BETTAIN'S Court of Appeal ruled that people who deal in shares on the basis of what

they know is unpublished.

price-sensitive information

came into their possession.

COCOA prices rallied late in

the afternoon as prices rose. sharply in New York, where

rumours were circulating that

2nd position futures (2 per tonne)

the projected French financial

aid package for Ivory Coast would remove 400,000 tonnes

of cocoa from market. Page

LONRHO, international trad-

ing group headed by Tiny Row-land, said it understood 4.13

per cent of its shares had been

acquired by companies associ-ated with Bond Corporation,

Australian group headed by Alan Bond, and another much

smaller stake — just under 1 per cent — by Australian entre-preneur Robert Holmes à

1000

900

850

800

are guilty of insider dealing, no matter how the information

Wednesday October 19 1988

D 8523 A

ISRAELI POLL

Labour courts the Arab voters

Page 6

World News

Frenchman wins Nobel prize for economics

Maurice Allais became the first Frenchman to win the Nobel prize for economics, for his "pioneering contributions to the theory of markets and efficient utilisation of resources."

Page 2

Beirut election falls Lebanese MPs falled to elect a new parliamentary speaker, plunging the country into a fresh constitutional crisis following last month's failure to elect a president. Page 6

SA activists to leave Three black anti-aparthied activists who fied from detention to the US consulate in Johannesburg last month will leave the mission on Wednesday, supporters said.

Kahane ban upheld Israel's Supreme Court rejected an appeal by Rabbi Meir Kahane against a decision by the Elections Committee to ban his anti-Arab Kach Party from the November 1 general election on grounds of racism

CCCIS of

Pakistan alliance bld Two rival Pakisten political groupings falled to agree a united challenge Benazir Rhutto as principal opposition leader in general elections on November 16. Page 6

Marcos cash ruling A Swiss judge ruled that mil-lions of dollars sent to Geneva by deposed Philippines President Ferdinand Marcos should conditionally be put at the dis-posal of the Philippines Gov-erument. Marcos lawyers are expected to appeal.

Sooul student clash Seoul riot police clashed with about 400 students demonstrat ing against 42,000 US troops _ stationed in South Kome and demanding the arrest of former Presiden Chun Doo hwan for alleged corruption.

GCHQ sackings Four employees at P it. is secret communications hatening station GCHQ are to be dismissed for defying a ben on trade union membership.

Death squad charge The Spanish High Court ordered two police inspectors to stand trial for six attempted murders and involvement in the Anti-Terrorist Liberation Basque separatists.

Hurricane Joan Hurricane Joan - the first to hit the Caribbean since big brother Gilbert killed more than 150 people last month - moved toward the Nicaraguan coast from northern Col-

ombia and Venezuela.

Youngest victim Israeli troops in the occupied West Bank shot dead a five year old Arab child, the youngest victim yet of the 10 month old Palestinian unrising.

Dukakis in Michigan US Democratic presidential candidate Michael Dukakis, his support plummeting in opinion polls, toured industrial cities in Michigan as part of a strategy to win key states. Page 4

Financial killing Kazuo Kengaku, a Japanese fund manager known for his investment skills and his connections with organised crime was found dead buried in a hump of concrete. Page 6

(same) yield: 8.87% (same) **GOLD**

close 1115% (same) \$415.0 (415.5)

3-month interbank:

MARKETS STOCK MIDICES STERLING New York (1.748) New York lanch! Grade 'A' cash metal 2,139.05 (-1.42) \$1:7515 (1.748) DM3.16 (3.1675) S&P Comp 277.23 (+0.82) FFr10.785 (10.8125) SFr2.67 (2.675) Y221.75 (222.5) FT-SE 100 1,857.0 (-3.0) 1100 | 1988 Qct | DM1.80525 (1.80775) 130.94 (Mon) INTEREST RATES FF16.1615 (6.1795)
SF(1.52625 (1.52775) Tokyo Nikkei Ave US Junctione Federal Funds 8.5 % Y126,725 (127,075) London: 27,141.98 (-126.76) Frankfurt (8³a) 2. Concor: Con Commerzbank

Y128.85 (127.25)

1,619.8 (+19.5) Brent 15-day (Argus) New York latest \$12.875 (-0.70) (Nov)
Comex Dec West Tex Crude

Business Summary Nato case supported against Soviet military claims

THE CASE put by Nato that the Soviet Union has provided no evidence of its declared. switch to a defensive military posture is strongly backed by the London-based international Institute for Strategic Studies (IISS) in its latest major report, writes David White in London.

The 1988-89 edition of The Military Balance, which the IISS has published for the past 30 years, says: "There have as yet been no discernible force structuring, equipment or training developments in the Atlantic to Urals area to support Soviet claims of new thinking."

thinking ... "
The IISS says Soviet conventional forces not only exceed the reasonable needs of defence ... but are themselves

Marshal Sergel Akhromeyev, the Soviet Chief of General Staff, said recently that Moscow was "taking steps" to change the configuration of its forces in Europe in order to lessen Western countries' con-cern. However, Soviet officials have said they expect it to take a year to 18 months before new doctrines have been absorbed at field-commander level. "We have detected no change," Mr Francois Helsbourg, the HSS director, told a press conference on the report. Nor was there any harbinger of change, such as a reduction in

configured and deployed in a fashion which favours high-speed, short-warning, offensive (or counter-offensive) the period for Soviet conscript service. There had been developments in other Warsaw Pact countries, notably a reorganicountries, notably a reorgani-sation of Hungarian ground forces, but this did not necessarily indicate a new posture. The report says there is no

sign that the rate of increas

sign that the race of increase in Soviet defence spending has been cut since Mr Mikhail Gor-bachev, the Soviet leader, took In terms of military hardware, it says, the conventional arms balance may if anything have worsened over the past year, and the threshold for triggering a nuclear war appears likely to remain "uncomfortably low."

The IISS has upgraded its

estimate of Warsaw Pact tank

strength in Europe by about 750 to 53,000, with an independent tank regiment ascribed to each of the five Soviet armies in East Germany. It highlights an increase in Soviet self-pro-pelled artillery, although it says it underestimated the figures in previous years. It also shows some 500 more Soviet fighter aircraft than before. Figures cited for Soviet nuclear-capable battlefield weapons in East Germany

have been corrected upwards to seven "Scud" missile brigades, against two mentioned in previous editions.

The major nuclear development, the IISS says, is the deployment on rail-cars of SS-24 strategic missiles, equivalent to the IIS SI Paragraphic and the IIS SI Paragraphic Parag

alent to the US MX Peace-

The count of strategic warheads on both the US and Soviet sides shows an increase of about 6 per cent since last year. Although the US keeps a total numerical advan-tage — 14,637 against 11,694 — the IISS says the two forces remain "in rough parity". Nei-ther side is capable of inflicting a disarming first strike and both have so much extra capacity that differences in total arsenals have no strategic

significance. Cuts under the proposed Strategic Arms Reduction Treaty (Start) would be singificantly less than the 50 per cent amounced, IISS figures dem-onstrate. Using new counting rules, redefined since the Strategic Arms Limitation Treaty (Salt) talks of the 1970s, it shows that while Soviet ballis-tic missile warheads would be cut by half, reductions else-where would be smaller and in

where would be smaller and in some classes of weapon there would be room for growth.

The US would have to reduce total warheads by 39 per cent and the Soviet Union by 43 per cent to reach the limit being sought of 6,000 on each side, according to the figures. according to the figures.
In a special section on chemical weapons, prompted by their use in the recent Iran-Iraq war, the IISS is pessimistic about prospects for a global production ban.

Nato should consider Soviet use of chemical warfare "as a likely contingency," it says.

Mexico able to draw on US loan ahead of approval from IMF

some of the bridging loan of up to \$3.5en offered to it by the US earlier this week without first having to reach agreement on loan programmes with the international Monetary Fund and World Bank.

A US Treasury official said that Mexico would be able to

draw "sizeable" amounts of the loan, which will be provided roughly equally by the Trea-sury and the US Federal Reserve System.
It is unusual for a debtor country to obtain bridging

the supervision of the IMF or

Court Page 27; Lex, Page 26 BANK of France increased money inarket intervention rate by a quarter point to 7½ per cent in defence of the franc, under pressure as a result of strikes in the public series and rise of the D-Mark against the dollar, Page 28

SCHEODERS, US merrheut bank, offered to take a F1 300m (\$147m) debt or equity stake in Fokker of the Netherlands if the Dutch Government will limit its ownership of the aircraft maker, Fokker n nomics Ministry officials in a bid to dissuade them from raising the Government's stake of 16 per cent to 49 per cent through another rights issue.

ROBERT Maxwell, British publisher, won preliminary injunction preventing Kohlberg. Kravis, Roberts, management buy-out specialist, from completing its rival tender offer for Macmillan, the US publisher. Page 27

PHLSBURY, Minneapolis food and restaurant group, rejected. \$5.28bn offer for its business from Grand Metropolitan of the UK as too low, saying its present strategy would provide shareholders with better long-term returns. Page 27

SCOTTISH & Newcastle, target of a hostile £1.6bn (\$2.72bm) bid by Biders IXL, Australian group, raised stakes by announcing it had taken a 50 per cent stake in Pontin's in a deal which values the holiday company at £85.5m (\$150m). Lex, Page 26

CITICORP, America's biggest commercial banking group, reported a further strong advance in the third quarter, reflecting continued progress across all the company's busies and improved cost control. Page 28

WEST Germany's overall fixed capital formation is expected to rise by around 6 per cent this year, against earlier fore-casts of 25 per cent. GNP growth is predicted at 3.5 per cent. Page 2

MEXICO WILL be able to draw ing finance under the IMF's compensatory and contingency financing facility (CCFF). The facility aims to help countries which experience a major external shock, such as the decline in oil prices.

inance without the provider of the funds having assurances that the borrower will intro-duce economic reforms under

the World bank.
The willingness of the US to provide Mexico with what could be as much as film in an emergency with the minimum of delay is a sign of the vital political importance. Washington attaches to maintaining. omic and social stability in its southern neighbour. It also shows that the US Administration believes the Mexican. cal structural improvement in the past two years and is threatened now by external and unforseen factors such as the recent fall oil prices.

Meanwhile, the IMF and World Bank have opened talks on financial support packages for Mexico:

An IMF official in Washing-ton said a fund mission would travel to Mexico "in the next several days" to discuss providIMF officials estimate that

A World Bank team, headed by Mr Shaid Husain, the bank's vice president for Latin America and the Caribbean, has been in Mexico since the weekend. The bank is understood to be discussing granting Mexico a minimum of three large loans worth at least \$1.50m in the World Bank fiscal year that ends next June 30. But it is understood that the scale of World Bank finance for Mexico in 1988-89 could eventu-The US said on Monday that it was "prepared to develop a short-term bridge loan of up to

\$3.5bn, depending on the devel-opment of loan programmes by Mexico with the World Bank and the IME. It emerged yes-terday that if Mexico uses the CCFF and the World Bank as its sources of finance it will not have to submit to a tough IMF economic programme. Officials from both the IMF and the World Bank stress that the senarate talks between the two institutions and the Mexican authorities are at an early stage so that it is impossible to say what conditions will be attached to the finance package. It can take around three months before a World Bank loan package is ready for con-sideration by the bank's board.

bility of CCFF financing in the past two days and CCFF loans are particularly complex to

Mexico may obtain anything between \$300m and \$900m from the IMF, depending on how the talks progress and how far it is judged that the oil price fall has hit the country's economy. The prospect of Mexico obtaining finance from the IMP and the World Bank without submitting to a rigorous economic reform programme has prompted some concern among European members of the IME that debtor nations increasingly are able to obtain finance from the two bodies on too easy terms. These fears surfaced at the recent annual meeting of the IMF and World Bank in West Berlin when Argentina Obtained \$1.25bn of World Bank loans without having to agree to an IMF package.
The US, however, takes the view that the European fears about weaker conditionality are misplaced. Despite all the publicity to the contrary, the Argentime package was subject to tough conditions that have

IBM, on the other hand, is the dominant member of the delayed disbursement of the Open Software Foundation, set funds, they say. They say Mexico is an entirely different case and has includes Digital Equipment, Hewlett Packerd and Apollo of the US, Nixdorf and Siemens of been a model pupil of the IMF, modernising its economy by privatising and diversifying its West Germany and Bull of France. It supports a version of Unix developed by IBM called exports away from oil and has fulfilled its promises to the

The battle over whether AT&T's or IBM's version of Background, Page 4; Favour to In the case of the IMF, the a neighbour, Page 24; Editorial Mexicans only raised the possi-Continued on Page 26 .

Stalemate in talks on computer standards

By Louise Kehoe in San Diego

TWO WEEKS of intensive talks aimed at ending a battle over computer standards between the world's computer manufacturers have failed. Last night, a newly formed group which includes the tale communications group American Telephone and Telegraph (AT&T) and Unisys, the second largest mainframe vendor announced a strategy which will bring it into conflict with IBM and other major manufac-

turers and continue a damagswept the country.
Controversy is still raging, ing split within the industry. The group, which uses the code name "Archer", says it intends to put its weight behind the latest version of the Unix computer program developed by AT&T called System V version 4. Unix is important because it can be used to operthousands of Serbs. ate mid-range computers, the fastest growing area of the

computer business.
In addition to AT&T and Unisys, the Archer group includes Amdahl, Control Data, Gould, Intel, Motorola, NCB, Prime and Sun of the US, international Computers of the UK, Fulitsu and Toshiba of Japan and Olivetti of Italy. The economic changes are

expected to boost the independence of Yugoslavia's enterprises by allowing many of them to raise domestic and foreign equity capital. This requires changes to the consti-tution, a subject which the 165-member Central Committee is expected to tackle today or tomorrow.

The leaders from the six

Yugoslav leaders agree on reforms and resignations

By Judy Dempsey in Belgrade

YUGOSLAVIA'S leaders
- engaged in bitter public
recriminations over the country's ethnic unrest - have
agreed in principle, behind
closed doors, to proceed with wide-ranging moves in the direction of a market economy. Some consensus has also emerged over which political leaders should step down in response to the wave of worker protests and Serbian nationalist demonstrations which have

however, over the future of Kosovo, the southern province at the centre of Yngoslavia's ethnic problems, and its local Albanian leaders whose alleged discrimination has prompted demonstrations by lumdreds of

The agreement by federal party leaders to proceed with economic reform was patched up late on Monday night following a series of bitter attacks on the party and system at a crucial Central Committee meeting, which opened earlier that day and is still in prog-

republics and two provinces who met on Monday are also understood to have agreed on

moves to separate the Communist Party and the state, seen by reformers as one of the key steps needed to reduce exces-sive party influence over the

Several prominent party offi-cials are expected to resign today from the Central Committee on grounds that they already hold government posts. An informal list of senior mmunist cadres who will be asked to stepped down is understood to include many politicians of the older generation who bave been criticised for corruption and incompe-

The consensus over economic reforms, and on some personnel changes, has been clouded by intense acrimony between Mr Slobodan Milosevic, Serbia's powerful and charismatic leader, and Mr Azim Vlasi, an ethnic Albanian

politician from Kosovo. Mr Milosevic, who is cam-paigning for greater control over Kosovo, has called for Mr Vlasi to resign from the Cen-tral Committee, but the Alba-nian political strongman is being strongly backed in his determination to remain in office by other politicians from

his region. Party officials said th republics of Slovenia and Croatia were reluctant to back Ser-bian demands for the ousting of Mr Vlasi, fearing that fresh unrest among ethnic Albanians could be triggered. On the other hand, a new

wave of mass protests by Serbs could break out if Mr Vlasi Continued on Page 26

Philip Morris files legal action against Kraft's bid defence

By Anatole Kaletsky in New York

PHILIP MORRIS, America's higgest tobscco, food and drinks conglomerate, which announced a record-breaking \$11bn bid for Kraft on Monday night, yesterday instituted legal action against the Chicago-based cheese manufacturer, while stressing its hopes that it could still turn its unsolicited \$90-a chare tender offer into an agreed deal.

The Philip Morris lawsuit, which was filed with a US Dis-trict Court in Illinois, demanded an injunction against the use of Kraft's "poi-son pill" anti-takeover defences. It oharged that Kraft's directors would be in breach of their fiduciary duties if they precluded shareholders from taking advantage of the tender offer by refusing to cancel the poison pill.

This grants existing Kraft shareholders the right to receive new shares at a steep discount in the event of a hostile bidder acquiring more than

is a man in a hurry

Why the Polish Prime Minister

Rakowski (left) does

not have much time.

He has signalled his

intention of proceeding

rapidly with economic

reform and realises

that only concrete

achievements will

needs to survive.

Commercial Law

earn the support he

CONTENTS

20 per cent of the company and would make any takeover not approved by the Kraft board grobibitively expensive.

Philip Morris officials said, however, that they hoped and expected to persuade Kraft's directors to settle on an agreed merger. They stressed that Kraft was most unlikely to come up with a better alterna-tive to shareholders than the \$90 a share in cash which

Phillip Morris had offered. This was 50 per cent above the price of \$60% at which Kraft shares closed on Wall Street on Monday and nearly doubls their value of \$51 a ahare in July, before the \$5.1bn bid for Pilisbury by Britain's Grand Metropolitan intensified takeover speculation surrounding all food stocks.

Mr Hamish Maxwell, Philip Morris chairman, also stressed that he did not intend to interfere with Kraft's product lines or management. He said he saw Kraft as a natural complement to the General Foods

fund.

business which Philip Morris bought in 1985.

A combination would create one of the world's biggest food businesses, rivalled only by Unilever and Nestle. The addition of Kraft's \$10bn turnover to Philip Morris's existing sales of \$27bn would push the tobacco giant into the number seven position among all US companies.

Kraft, which aunounced its latest results yesterday, had net income of \$148.7m or \$1.20 a share in the third quarter. For the first nine months of 1988, its net income from continning operations was \$393.8m or \$3.10 a share, compared with \$377.8m or \$2.76 a year earlier.

Analysts on Wall Street mostly agreed that \$90 was a full price to pay for Kraft and the shares settled yesterday moving below the offer price, at \$88 % Lex. Page 26, Background, Page 27

_Sep section

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Technology and the Soviet Union A challenge for the high-tech censors

Tokyor Japanese fund manager found buried

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the Crash, one year on

Office Equipments Survey

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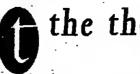
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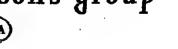
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Personal pensions: executive schemes: self-administered funds: index linked



the thomson's group





Italian and US shop owners sue Benetton

Japan calls for alignment of economic policy

By William Dulfforce in Lugano

powers should embark now on the third, more far-reaching stage of their attempt to har-monise their economic policies, Mr Toyoo Gyohten, Japan's Vice-Minister of Finance, urged

yesterday.
This had to be a deliberate and concerted effort to achieve structural reforms in the national economy, and would entail altering the character of the US economy to enhance domestic savings and restrict

consumption. Further deregulation in distribution, land-use and agricul-ture had to be pressed forward in Japan, so that growth led by domestic demand could be firmly installed. In low-growth European countries labourmarket rigidity and excessive regulation needed to be removed, to unleash a more

dynamic growth momentum. Mr Gyohten said that the third stage in international economic policy harmonisation could not be a once for all measure like the first two stages the 1985 Plaza accord among the Group of Five to correct the over-valuation of the dollar, and the 1967 Louvre agreement among the Group of Seven to stabilise exchange rates by coordinating macro-

economic policies.

To reach a sustainable equilibrium in the world economy, leaders had to aim at changing the basic, behavioral patterns of consumers, businessmen, labour and management and at altering the structure of each

economic society.

Moreover, Mr Gyohten suggested, harmonisation among the major countries would be best achieved by negotiation among "a very small number of people at the

THE INDUSTRIALISED highest level of policy mak-Discussion had to be totally frank and, since delicate and difficult political compromises would have to be reached, large, open foroms would not

> The euggestion did not sound very democratic, Mr Gyohten acknowledged, but it was pragnatic, if anything was to be achieved in a world econ-omy still run by independent, national soversignty.
>
> He was expounding at an international banking sympo-

sium in Lugano on the lessons to be drawn from international efforts to co-ordinate sconomic policies over the past four

In addition to proposing that talks be limited to a very small number of people, Mr Gyonten

@ While it was useful to use economic indicators as a tool to analyse the situation in a given country, it was totally unrealistic to expect that an automatic triggering methanism based on the movement of the indicators was feasible. Such an idea has been launched among the Group of Seven and work on the indicators has been carried out by the Organization for Economic

Co-operation and Development.

The burden of adjustments had to be shared fairly between countries running payments deficits and those running surpluses. The climate had been to put the burden on surplus countries and to threaten protectionism seeinst

their products.

The need for policy harmonization had to be acknowl-

edged "by national consensus including the highest authority in each country.

Bonn clears way for treaty with France

By David Mersh in Bonn

THE WAY forward for the ratification of a treaty between West Germany and France on greater co-operation in defence and economic affairs has been cleared following a compro-mise in the Federal Republic over sufeguarding the independence of the Bundesbunk.

However, it is still not certain whether pressure of per-liamentary business will allow the treaty to be ratified by the Bundestag before the end of the year, as the Bonn Govern-ment has been hoping.

Mr Kari Otto Pohl, the Bundesbank president, has written to the Government to underline that the central bank's main donbts have now been settled about a Finance Council set up to try to harmonise the two countries' economic

This follows a decision last week to insert a memorandum into the treaty underlining that the Finance Council will be a consultative rather than a decision-making body, and consequently will leave the Bundesbank's statutory autonomy untouched.

Mr Pierre Bérégovoy, the French Finance Minister, last month at the International Monetary Fund meeting in Ber-lin agreed with this interpreta-tion of the Council's functions. The Bundesbank would have preferred to see the treaty prefaced by a legally unequivocal preamble stating its autonomy. But it has bowed before the Bonn Foreign Ministry's dislike of a preamble, which would have weakened the political impact of the treaty.

Illustrating Mr Pohl's wish to play a constructive role in participating in the Council – which has already held three full meetings since March – the Bundesbank has

consequently settled for the less forceful form of words set out in the memorandum.
The Bonn Government origi-

nally wanted the treaty, which also sets up a complementary Defence Council, to go before the two countries' parliaments this autumn. But a delay until next year cannot be ruled out as Bundestag's committees though which it has to pass already have a considerable volume of work.

Poll boost for Finnish coalition

FINLAND'S right-left coalition Government received a clear mandate in municipal elections on Monday, although the biggest winner was the opposition
Centre Party, writes Old Virtsnen in Helsinki.
The elections were for Finland's 444 city and town coun-

ctls, but they also marked the first real test for the four-party coalition Cabinet led by the Social Democratic Party (SDP)

West Germany sees big jump in investment

WEST GERMANY is seeing a modest investment boom on top of its better than expected growth prospects for the year.

Overall fixed capital formation, seen by the Economics Ministry in the early summer as rising by only 2.5 per cent this year, is now forecast to increase by around 6 per cent, made up of increases of 6 per cent in investment on plant. and equipment and 5.5 per cent on construction. "It's a great surprise," said one official yes-

For several years, flagging capital investment, linked to apparent weakening of entrepreneurial activity among companies and, above all, difficulties—in the construction industry, has held back the Federal Republic's performance.

By Alan Friedman in Milan

BENETTON shop owners in the US and Italy have banched civil lawsuits against the Ital-

ian clothing concern, accusing it of unfair business practices. The most serious of the alle-

gations, strongly rejected by Benetton, have been made in the US, where a complaint, filed in a federal court in Ora-gon, allegas violation of the

gon, alleges violation of the Racketser Influenced and Corrupt Organisations (RICO) Act of 1970, incinding mail and wire fraud and extertion.

Mr Melcolm Hoffmann, the New York anti-trust lawyer who is acting against Benetion, said that RICO had been invoked because he was convinced after his firm conducted a nationwide investigation in the US that the single case he was handling was part of a broader pattern.

was handling was part of a broader pattern.
In Italy, the lawsuit has been lodged by a Benetton shop owner with the state prosecutor's office in Lacce.
The civil court suits follow reports of dissatisfaction from several Benetton shop owners in the US, Italy and France. Henseton said yesterday that it won a recent court case in Grenoble, while it reached an out-of-court settlement in

out-of-court settlement in

another case brought by a shop

By George Greham in Paris

THIS YEAR'S Nobel economics

of markets and efficient utilisa-

tion of resources, the Swedish

Academy of Sciences

announced yesterday in Stock-

Now 77, Mr Alinis has continued to write on economic

questions, but his major contri-butions to economic theory date back to the 1940s and

Mr Allais said the SKr2.5m

(£230,000) prize would allow him to continue his work,

which has been hampered by

Bonn officials have been poring with pleasure over their computer print-outs as a much better picture has emerged of this year's gross national prod-uct, which is now forecast at 3.5 per cent. At the beginning of the year GNP was forecast by the Government to rise only

Better prospects reflect above all the surprising buoy-ancy of the world economy in 1968. Growth in industrialised countries is now thought likely by the Organisation for Roo-nomic Co-operation and Devel-opment to be around 4 per cent this year, a full point higher than the OECD was forecasting as recetly as June.

On top of already steadily rising West German consumer demand, the positive external influences have fed through During the past few weeks, very quickly in boosting

owner last month in the Italian

The US suit claims that a Benetton agent misled and threatened a shop owner from Oregon, who is now demand-

ing treble the \$500,000 of

Benetton's shops are sup-plied with merchandise by

regional agents around the

world who are responsible for

authorising use of the Benet-ton name, seiling merchandise and ensuring that Benetton sales techniques are used.

Mrs Frances Robertson, the

Oregon Benetion shop owner, told the Financial Times that

in January 1967 she was threst-ened by a Benetton agent from another state when she failed

to order certain Benetton prod-

note. "I was taken into this back room by an Italian and he told me that I should know

what Benetton does to people who don't co-operate - they

but a store across the street from you and run you out of

In Milan, Benetton has denied all the charges and made available to the FT a copy of a confidential brief pre-

pared by Covington and Buring, its US lawyers.

prize has been awarded to the retire 10 years ago. economique, republished in French liberal economist, hir The new Nobal prize winner 1962 as Traine d'économie

Maurice Allais, for his ploneer made three major contributions to the theory tions to economic theory: in equilibrium and optimum theo-

work on market equilibrium

and social efficiency, on the relationship between interest

rates and investment, and in

work on utility and risk, through the Allais paradox

which its author says is today "as widespread as its real

meaning is generally misun-

The Allais paradox aims to

His major work "A la

show the importance of the

psychological aspect in risky

derstood*

Back to work for Nobel winner

alleged financial losses.

town of Orvieto.

WEST GERMAN CAPITAL INVESTMENT (amusi average real % change) Companies Housebuilding Public sector 1970-80 1980-87

exports, now predicted by gov-ernment economists to grow by about 6 per cent in real terms this year.

Because of the extreme open-ness of the economy, where exports make up around one third of GNP, strong demand on world markets for the coun-try's specialised capital goods seems to have spurred a new bout of confidence through the whole economy.

Additionally, expansionary monetary growth – the Bandesbank significantly overshot its money supply targets in 1968 and 1967 – and this year's

Mr Aldo Palmeri, the Benet-

ton group managing director, said of the US charges. We are

certain that this case will

never make it to court. There is no proof of what is being alleged." He acknowledged,

however, that the lialian case,

in which a shop owner in

southern Italy complains that Benetton is guilty of unfair competition by opening several

stores in the same area, will come to court on November 7. Mr Luciano Benetion, chair-man of the clothes group, this

week sought to play down the legal complaints. I don't like to have rows, he said. I have total faith in our system and in 99 per cant of the cases it

works perfectly. Here, there

might be a misunderstanding. But I would exclude the possi-bility that any of our agents would have threatened any-

However Mr Hoffmann, in

New York, said Mr Benetton was mistaken. "We have done a nationwide investigation

involving more than 30 Benet-

ton stores in different perts of

the US and the three's to run owners out of business are communicative Oregon case is not an isolated one."

ries. He is also viewed as a

Mr Allais is the first French

wittner of the Nobel economics

prize, though Mr Gerard

Debreu, winner in 1983, was of French nationality before tak-ing US citizenship in 1975.

Mr Debreu, like other distin-

guished French economists,

such as Mr Edmond Malin-

vaud, was among his pupils at the Ecole des Mines in Paris.

major actor in the revival of

monetary theory.

Springer Street budgetary stimulus through Dillion (calba) of tax cuts at the beginning of the year

appear to have come through at last in stimulating demand. at last in stimulating demand.

The current economic buoyancy makes the expected slackening of growth next year —
when fiscal policy is plaumed to
tighten markedly — appear
much less problematic. Officials are now predicting with
confidence that growth will be
around 245 per pent in 1988. around 2-15 per cent in 1969. This is much better than looked likely earlier in the standar when the OECD, for instance, was forecasting only

Benetion case "is based on the theory that Benetion acts

"the Benetton network has almost all the characteristics of a franchise and that is exactly what it is."

yers acting on October 31 to try to dismiss the complaint on grounds that it is not subject to the jurisidiction of an Ore-gon court. Benetion's legal half says that if the highlion

continues past the pleading suga. Basetion will assert a counterclaim for defamation against the Benetton shop

owner and her New York law-

Benetion's first more in the US will see the company's law-

1.75 per cent.
Of course, there are potential storm clouds. West German domestic demand this year will grow by around 4 per cent, close to the OECD average, and

imports are rising by around T per cent. But overall economic growth is still being too strongly supported by exports, evinced by the 10 per cent increase in the

trade surplus This could be storing up currency shocks for the fature. A sharp appreciation of the D-Mark next year could take some of the smoothness out of the West German upswing. Because of doubts about what will happen to the dollar after the US elections, Bonn officials admit that the degree of exchange rate uncertainty overhanging forecasts for 1989 is unusually large.

Cyprus talks set for next month

By Andriana isrodisconou

THE CYPRUS President, Mr THE CYPRUS President, Mr George Vanatiou, and Mr Rauf Denktash, the leader of the Turkish Cypriot community, will meet Mr Perez de Cuellar, the United Nations Secretary-General, in New York on November 17 and 18 to review the progress of Unsponsored Cyprus peace talks which were launched last month in Nicosia. month in Nicosia.

The talks aim to establish a bizonal federation in Cyprus accommodating the island's ethnic Greek and Turkish com-

the proposed state.

at through the incorporation in a settlement of the principles of democratic government and human tights, Mr Denktash envisages a high degree of physical and constitutional engineering ensuring equality through a system of parriers and special provisions constructed on ethnic and religlous lines.

brushed saide suggestions that be should desist from internstional contacts as the head of the recognised Cyprus government, advanced in the talks by

occupied by Turkish troops in 1974 in the wake of a Greek coup on the island.

Meanwhile, in Athens, a public quarrel has erupted an ong the ruling Socialists over a par-

Leading Socialists have sharply criticised colleagues leading the "Cyprus file" fact-finding committee for their leaked intention to blame the government of Mr Constantine

A wide body of evidence suggests that such an operation was impossible in military

through agents and therefore must be held responsible for its at UN The US complaints have been filed against both Benet-ton SpA of Italy and Benetion Services Corporation of New In both the US and Italian court suits it is alleged that Benettots has violated the practices which are normal for franchise operators. But Mr Palmer insisted that because shop owners do not pay royal-ties the Benetton system is not really a franchise system. Mr Hoffmann in New York said

They are understood so far to have run up against fundamental differences of philoso-phy between Mr Vassiliou and Mr Denktash on the nature of

Hoth men support equality for all Cypriots.
However, while Mr Vassiliou is reported to believe that equality would be best arrived

Mr Denktash.

Mr Denktash has ruled over the northern 37 per cent of Cypros since this territory was

Turkish-occupied Cyprus is recognised as a state only by

liamentary investigation into the 1974 events.

government of Mr Constantine
Karamanlis, which was
installed after the Greek junta's collapse over the Cyprus
debacle, for failing to dispatch
troops to help the republic
against Turkey.

Rome faces Community pressure over steel capacity

By William Dawkins in Brussels THE ITALIAN Government

will come under pressure in next few days from other states in the European Community states to make tougher capacstates to make tougher capacity cuts in its state-owned steel industry than Rome has been propared to countenance.

The European Commission will today to give its views on Rome's rescue plan for Finsider, the loss-making steel commany which went into voluments which went into voluments.

pany, which went into volun-tary liquidation in June and is now being reorganised in a new potentially profitable

enterprise, known as Ilva. Italy wants the Commission's go-ahead to inject up to Ecu4.96bn (\$3.2bn) into Ilva, in return for which it is prepared to close a steel smalter at Bagnoli near Naples and five mills, involving 18,900 job losses out of the total workforce of 70,840.

The Brussels authorities will today carefully avoid putting direct pressure on Italy. However, a majority of member states want the phasing out of at least one more mill, possibly at Bagnoli. This is an

area of high unemployment which the Italian government is keen to protect.
Commission officials have had repeated meetings with the Italian authorities since Rome produced its steel rescue

plan in June.
The closure of the Bagnoli steel smelter, proposed for July, would remove 3.4m tonnes, or 17 per cent of Finsi-der's crude steel capacity, but leave Eagnoli's 2m tonne hot rolling mill intact.

The other proposed shut-

downs represent 1.2m tonnes or 8 per cent, of the group's hot-rolled coll and finished steel making capacity, the most sensitive area of the plan because it includes the products where the EC's surplus output potential is heaviest. Another 708,000 tonnes of cold rolled sheet capacity is scheduled for closure.

More production and jobs will be shifted to private ownership under plans to sell five former Finsider steel plants.

the fact that he was forced to recherche d'une discipline

Allais: retirement at end

East Europe's sceptics of glasnost find ways to resist Moscow

Leslie Colitt, in Berlin, explains why the Soviet Union is so reluctant to force reforms on its allies

ASTERN Europe's hardline communist leaderships – in East Germany, Czechoslovakia and Romania – are acting as if the victory last month of Mr Mik-hail Gorbachev's reformers in Moscow is irrelevant to them.

The reshuffle of the Czechoslovak party and government leadership last week was a slap in the face for Mr Gorbachev's reform policies. Similarly, Mr Erich Honecker, the orthodox East German leader – fresh from talks with Mr Gorbachev - or-dered pro-glasnost remarks to be expunged from Protestant Church publications.
Following his meeting with the

Soviet leader a week later, President Nicolae Ceausescu of Romania approved an uncompromising media attack on Hungary for criticising Romania's treatment of its large eth-nic Hungarian minority. Old Guard stalwarts in Prague were shifted into new posts and some younger, but equally conservative functionaries entered the ruling presidium of the

In sharp contrast to Moscow where Mr Vadim Medvedev, a reformer, was appointed chief ideologist, the same post was given in Pra-gue to Mr Jan Fojtik, a militant har-

While using catchwords of the reformers in Moscow – openness and democratisation – he left no doubt as to his sympathies. He told the central committee that while some socialist countries were debating about political pluralism, Czechoslovakia already had "social-ist pluralism." Mr Fojtik repeated the word "socialist" for emphasis. Mr Milos Jakes, the Czechoslovak leader, is in no hurry to introduce economic reforms despite an alarming deterioration of the economy. A much-heralded "restructuring of the economic mechanism" is not to be fully introduced until 1991. The reforms are largely designed to half spiralling subsidies to loss-making firms by making them self-financing. But company managers will be

unable to escape the commands of the party which, in fact, insists that its role in the reformed economy is to be "strengthened." The Czechoslo-vak leadership believes that there is little risk in going through the motions of economic reform without dealing with the substance. It is convinced that no reforms of any kind

will succeed in the Soviet Union. Prague's scepticism is shared by the leaders of East Germany and Romania. The refusal to reform neo-Stalinism in the two most developed

economies in Eastern Europe – East Germany and Czechoslovak-ia – bodes ill for Moscow's plans to reform Comecon. Without wide-rang-ing reforms in each member country of the system of management, prices and wages, Comecon will be unable to renew itself, East European econ-omists insist.

So why is Moscow so reluctant to force reforms on its conservative East European allies? In Czechoslovakia's case, the Soviet Union is afraid that putting

undue pressure on the party in Pra-gue would encourage the mass of previously apathetic but non-Com-inuitist Czechoslovaks to oppose more actively the orthodox regime. Moscow has not forgotten January 1968, when Mr Alexander Dubcek was heatily approved by My Leonid was hastily approved by Mr Leonid Brezhnev, the late Soviet leader, to take control of the Czechoslovak party and overcome past stagnation. East Germany too is resisting perestroika and glasnost which the 76 year-old Mr Honecker publicly approves of - but only for the Soviet Union. He claims that the East Ger-man party since 1971, the year he assumed power, has seen to it the

reforms was important not only for the "German comrades." The Soviet leader reminded his East German guest that the Soviet Union and its economy has served the needs of the allies had a "common fate" and that great changes in each country had people.

Moscow appears to take seriously an effect "one way or the other" on

introducing wide-ranging reforms in East Germany at this time could be used by the West to "destabilise" and detach it from the Soviet Union. Mr Gorbachev, addressing the visit-ing East German leader on Septem-ber 28 said that although "much" had been achieved in economic ties with Kast Germany the pace lagged behind requirements. He had just spent more than two hours visiting a sprawling East German economic exhibition in Moscw with virtually the entire Soviet Politburo. The

Soviet leader was proudly shown the first one-megabit microchip to be made in Eastern Europe, a product of the Carl Zeiss Jena company, and was told by Mr Honecker that "we was toin by Mr Honecker that "we are working on a 4 megabit chip."

Visibly impressed by what he called this "balance sheet" of socialism on German soil, Mr Gorbachev nonetheless recalled in his banquet toast that they had moken several. toast that they had spoken several times that day about perestroika. Information about the Soviet

the East German argument that

the situation among friends and Despite the obvious warning, the

Soviet news agency Tass insisted that the results of the East German header's visit proved that Western newspaper reports about disagree-ments between the two countries were "contrived."

Mr Gorbachev's message for Mr Nicolae Ceausescu, delivered recently at an official banquet for the Romanian leader in the Kremlin obvious reference to Romania's much-criticised human rights record, the Soviet leader insisted on the observance of "legality and the rule of law" in every country. While was considerably more blunt. In an recognising Romania's right to choose its own path to socialism, he noted that although the success of each socialist country was a common ideological achievement, the "failure of any can, unfortunately, mean a common sethack too." The Soviet Party was "deeply aware" of its internationalist responsibilities. Perestroika, he emphasised would "definitely succeed."

Yet despite such divisions, the

communiqué at the end of their meeting was remarkably bland. It even praised growing trade between

the two countries although mutual trade fell 10 per cent last year to roubles 2.5 bn (\$4bn), largely as a result of a sharp reduction in Soviet oil deliveries to Romania. Soviet oil deliveries to Romania. Soviet trade officials complain about the low quality of Romanian industrial goods while the Romanians note that as a result of Mr Gorbachev's anti-alcohol campaign exports of wine to the Soviet Union dried up totally last year.

The joint Soviet-Romanian communique sought to gloss over their sharp ideological differences by not-ing that both leaders had expressed their "complete satisfaction" over the state of Soviet-Romanian rela-tions. Romania's news agency Agerpres reported that the talks with Mr Gorbachev took place in an atmosphere of "warm friendship, comradely sincerity and mutual

Mr Gorbachev, unlike the late Mr Brezhnev, is unlikely to be drawn into a war of words, and certainly not a showdown, with the combative Romanian leader. Despite the embar-rassment which Romania represents to the reform-minded Soviet leadership it nonetheless occupies a peripheral place in the list of Soviet

W German health reforms start to bite By David Goodhart in Bonn

WEST GERBANY, the world's largest per capita consumer of dentures, is undergoing a wave of panic buying of false teeth and spectacles. The cause is a reform of the country's generous but financially undisciplined health system, which is forcing people to contribute more for such items.

The boarding of teeth and spectacles is stimulating a slight increase in health spending this year – known as "Binem Bauch" (Bluem's belly) after the health minister Mr Norbert Bluem. But even when the reform "bites", observers expect the savings to be minimal thenks to an assault on the original reform proposals by health interest groups.

The health system costs about DM130bm a year, of which DM125bm is covered by the (average) 13 per cent of each employee's salary – split 6.5 per cent employee, 6.5 per cent employer – which is paid into the various compulsory health insurance funds.

Germany is now near the top of the international health expenditure league, spending about 9 per cent of GDP, and the average salary contribution has risen from 8.2 per cent in 1970 to the current 13 per cent. Health costs are one reason employers face a non-wage cost bill per worker of 83 per cent of wage costs - up from 49 per cent in 1970 - and there is wide consensus, which includes the unions, that something must be done to contain costs, especially in view of the ageing population.

There is however no consen sus on how the burden should be shared, with the conse-quence that the stronger producer groups - doctors, den-tists, pharmaceutical companies - have escaped rel-atively lightly and the unmganised consumers of health

are bearing the brunt.
Yet although the coalition
Government has left voters with the impression that it is butchering the system (according to polls 80 per cent are dissatisfied), the cuts are in fact rather small. The Government claims it will save Dm 14bn a year but the health insurance funds say there will be no net savings at all.

The main problem with the German health system is that the controllers of the money, the insurance funds, have insufficient control over the providers of health. They are legally prevented from closing under-used hospitals and seem powerless to prevent adminstrators and doctors from pursuing their vested-interest to overspend and overtreat - the average stay in a German hos-pital is 18 days compared with 7 days in the UK.

But it became clear last year, when the coalition ducked an attack on the hospital sector itself, under pressure from the Länder (states), that structural reform had once more been postponed.

It is true that the insurance funds will force down some costs of ambulatory care in direct negotiations with doctors and dentists but increased patient charges, or removal of some services from insurance cover, is easily the largest saving category.

Spanish prices rise another 1 per cent

SPANISH consumer prices rose another I per cent last month, the Finance Ministry announced yesterday. The news is yet another blow to the Government's fight against inflation and has added fuel to a growing row with the trade unions over wage negotiations

for next year, writes Peter Bruce in Madrid.

The rise brings accumulated inflation for this year to 4.9 per cent and will probably wreck any chance the Government any chance the Government has of containing price rises to 5 per cent for the year as a whole. That target was established only last month after a 1 per cent price rise in August forced Madrid to abandon its 3 per cent target for the year.

Rising food prices appear to have caused September's poor performance. The August figures led to a modest rise in ures led to a modest rise in interest rates.

FINANCIAL TIMES

Published by the Financial Times (Burope) Ltd., Frankfart Branch, represented by E.Hago, Frankfart/Mais, and, at members of the Board of Discious, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Patner, Loudon, Printer: Frankfurtz Scotistics Druckars GmbH, Frankfurt Main. Responsible editor: G.D. Otten, Figured Times, Bracken House, Caston Street, London EC49 4BY, © The Financial Times Ltd., 1988.

FINANCIAL TIMES, USPS No 19060, published daily except Sandays and holidays. US subscription rates 1965:00 per amount. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 Fagt 60th Street, Men York, NY 10072.

Financial Times (Scandinavia) Ltd., Ostergade 44, Copenhagan, DENMARK

By Peter Ungphakorn in Pattaya, Thailand

Association of South East Asian Nations (Asean), concerned that they may fall to achieve their aims at the Urugnay round of international trade negotiations, have agreed on a common stand for the talks' mid-term review in

 G^{cut}

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After a two-day meeting, the ministers from Brunei, Indon-esia, Malaysia, the Philippines, Singapore and Thatland issued a strongly-worded statement directed at the US, EC and

They said failure to achieve tangible results on tropical products and agriculture would jeoperdise the credibility of the Uruguay round and lead to further deterioration in world trade in agricultural

They also signed an agreement to promote the produc-tion of cars using regionally manufactured components. Mitsubishi Motors of Japan is particularly interested in the particularly interested in the Mr Jose Concepcion, Philip-programme, partly in order to pines Trade and Industry Sec-

cated that Assan would bar-gain with other signatories of the General Agreement on Turiffs and Trade (Gatt) in order to secure more concessions from the industrial countries

on tropical goods and a firmer

commitment to phase out or reduce subsidies and trade bar-

riers in agriculture. Adopting a conciliatory tone, she nevertheless said Asean might link these two areas to issues of intellectual property es of intellectual property rights. surveillance mechanisms for ensuring Gatt is enforced and other matters related to the functioning of

the Gatt system.

Asean is uneasy about what members see as the increasing teudency to horse trade between the many issues being negotiated in the Uruguay

Asean does not want the Urugusy round to develop into North-South confrontation. But its members are concerned that Gatt should not live up to its reputation as a battle-ground for rich nations in which the developing countries get hurt, particularly in the agricultural subsidy war.

Thailand, Malaysia, the Phi-lippines and Indonesia are also members of the Australian-led Cairns Group of 14 agricultural exporting nations. Asean has now formally endorsed the group's proposal for trade-dis-torting farm subsidies and trade harriers to be reduced in the short run and eliminated eventually.

eventuary.

Datin Paduka Rafidah

described this as a way of compromising between the positions of the US, which wants
subsidies scrapped by a specific date, and the EC, which

Some are also worried that a

harmonised system could place

too much responsibility for

export controls in the hands of the European Commission in

Brussels after 1992 in a further

dilution of national sover-

sceptical about fears that lax controls in Greece and Port-

gual would create new risks

after 1992. "The reality is that high-technology exports leav-ing Greece and Portugal would

have to stick out like a sore

pronounce on the enforcement practices of individual CoCom

members under the recent trade bill which mandated a

90-day study of their systems

as part of a plan to eliminate

export licences to CoCom mem-bers which operate an "effec-

The US will shortly have to

European businessmen are

eignty in Europe.

thumb," said one.

tive control system."

prefers partial, short-term mea-

The Assen agreement on car. component production was made possible after a change of heart from Indonesia. The agreement encourages the production of components in two or more member countries for assembly into complete cars in those countries. The main incentive is a balving of import when shipped between partici-

pating countries. Indonesia has its own programme aiming for complete local production by 1992 and was unhappy about the Asean plan. It has now signed the agreement but will not need to participate in any way at least

until that year. Mitsubishi wants to make its components in Malaysia, Thai-land and the Philippines. It is already participating in the Protou Saga, Malaysia's national car, and exporting Lancer cars assembled in Thai-land to Canada where they are

switches to technology transfer

through joint ventures rather than the sale of individual spe-

the seeds of a deeper disagree-ment between the US and its

allies. European officials

believe this month's committee

meeting will be low-key, not least because of the imminent

US election. What happens

afterwards could be different

though much depends on the

attitude of individual key offi-

cials in the next US Adminis-

ues like this could contain

cific products.

The report puts world eco-

Awes says world seaborne trade in all major cargoes will increase steadily, leading to an initial demand for existing sur-

which tonnage is scrapped is forecast to rise from 22m deadweight tonnes last year, to 27m dwt by 1995/2000. The increase

shipbuilding forecast

By Kevin Brown, Transport Correspondent

SHIPBUILDING demand is likely to start rising this year after around 12 years of decline, the Association of West European Shipbuilders

(Awes) says in a report today.
It forecasts world shipbuilding completions rising to 8.6m compensated gross tonnes in the year to next June, and staying at that level until 1990. This compares with 8.1m cgt in 1987/88. Completions are expected to average 12.5m cgt between 1990 and 1995, and to rise an average of 16.9m cgt from 1995 to the year 2,000. Awes warns, however, that

the improved prospects depend on continued reductions in Japanese and South Korean

Japanese and South Korean shipbuilding capacity.

The optimistic conclusions of the report confirm similar forecasts by individual shipbuilders, many of which have incurred big losses in recent years because of fisace competition in a declining market.

The report pure world eco.

nomic growth at between 2.3 and and 4 per cent from now to the end of the century.

plus tonnage, and subse-quently to increased demand for new ships. At the same time, the rate at

rate of scrapping is largely, accounted for by the ageing of the world fleet, together with the effects of technological

1988 Review of Global Shi building Requirements to 2,000, Association of West European Shipbuilders, An Der Alster 1, 2,000 Hamburg 1, W Germany.

defence electronics contracts

By Chris Sherwell in Sydney

A NEW government-backed defence electronics company has been created in Australia to bid for local contracts which are traditionally won by international groups and to compete for export orders.

Formation of the Adelside-based company has been pro-moted by the South Australian state government.
It links the technology group

AWA, formerly Amalgamated Wireless Australasia, with the state's Superannuation Fund Investment Trust, and will include the interests of Thorn KMI Electronics Australia and Fairey Australia.

Known as AWA SA Defence industries, the new group will have expertise in electronics, optics and acoustics, and the technical, financial and managerial capability to be a prime contractor for major projects. It says it will be participat ing in four existing defence contracts worth A\$12.5bn (£5.8bn) - for new submarines,

new frigates, the FA-18 Hornet collaborative arrangements fighters and the Black Hawk helicopter - and will bid for a further A\$1.3bn in contracts to supply electronics defence systems, including the Jindalee over the borizon radar.

"We have taken a once-only conortunity to draw together Australia's fragmented talent base in defence electronics and create a single substantial Australian supplier with the skills, size and financial strength to compete as a prime contractor for the larger defence contracts traditional performed by inter-national players," Dr Peter Crawford, AWA's managing

"The new group will com-pete vigorously to win a large share of exports of Australian defence-related equipment which, under new defence export principles, are projected to increase to A\$500m per year within five years," he added. He claimed some multinawith the new group.
Involvement of the Thorn EMI subsidiary springs from the parent company's decision to sell its 70 per cent interest. The Superannuation Fund Investment Trust, which holds the other 30 per cent, has pre-emptive right over the stake

sortium. The Trust will do the same with Fairey Australia, which it bought recently to prevent it being sold elsewhere. Together with various AWA interests and Thorn EMI's Canberra-based software group C3, the consortium will have an esti-mated annual turnover exceeding A\$100m.

and is injecting it into the con-

AWA will hold 65 per cent of the venture and the Trust 30 per cent. The workforce will number about 1,000. Mr Kim Beazley, Defence Minister, welcomed formation

A challenge for high-tech censors

Peter Montagnon sees problems looming for those trying to stop sensitive technology reaching the Soviet Union

HE European Community's plan for a single internal market by 1992, along with economic and political reform in the Soviet Union, have begun to pose a challenge to Western officials engaged in preventing sensitive technology reaching the Soviet Union. Trade experts agree that both developments pose fundamental questions for the future operation of the 16-nation, Par-

is-based Co-ordinating Commit-tee on Multilateral Export Controls (CoCom). The US has campaigned vigorously to ensure that export controls are not relaxed, believing that they have helped maintain the West's technological advan-

Yet CoCom itself, which groups Nato countries minus iceland and plus Japan, is mov-ing only slowly to confront the sues. Though they will loom large in the background at itstwice-yearly executive committee meeting in Paris next week. officials warn that the meeting is unlikely to produce much

Theoretically the EC's 1992 project should drive a coach. Business project should drive a coach. Bosinessmen in other CoCom and horses through the system of national controls under scared by the affair into rein-which CoCom operates, forcing their own internal vigiwithin the EC will come down it will be impossible to police that this will create an escape route for European technology to be sold to the Soviet bloc via countries such as Greece and Portugal which are lax in enforcing export controls.

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Its demands for tougher enforcement come as many businessmen in Europe, particularly in West Germany, have begun to question the need for continued rigorous controls.

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They believe CoCom hampers Its plan would include more frequent use of delivery verifi-cation checks as part of a bar-rier-free CoCom, but this has created worries in Europe of the development of East-West trade and its restraints are increasingly unnecessary in outside interfereuce.

the new climate of detente. So far CoCom has responded by trying both to streamline its list of sensitive industrial items and to beef up enforcement procedures in a way that would allow controls to be progressively dismantled for internal trade among CoCom mem-bers. But despite the creation of the executive committee earlier this year to oversee this process, there is agreement on both sides of the Atlantic that progress has been slower than

Paradoxically the US sanctions against Toshiba of Japan for selling to the Soviet Union technology for use in the manufacture of ultra-quiet submarine propellers have led to greater awareness of the need for better enforcement as well as cries of outrage at the politi-

of only has Japan tightened up its own official arrangements. which CoCom operates, forcing their own internal vigi-Because the barriers to trade lance, But the US remains worried by what it sees as laxness among some CoCom members sales of sensitive material which led, for example, to the within the EC. The US worries arrest last January of four French businessmen on a charge of exporting highly sensitive electronic material to the

Soviet Union.
Its continued search for a rigorous and harmonised system of controls and enforce ment have put it at odds with some of its allies who would prefer each country to contime to operate a national sys-tem along individual lines.

Mr Alian Wendt, the State Department emeial responsible for strategic technology trade, says the Administration has not yet decided how to handle this issue, but he says the US still wants to make CoCom more effective through better enforcement and streamlining of the list of restricted products. "The US has entered into that effort with determination and good faith - and that will continue," he says." Though the US has made progress towards eliminating obsolete industrial items from the controlled list, industrial-

the controlled list, industrialists say the effort among European governments has been less concerted. The West German Foreign Ministry acknowledged that it was "laborious." It said Bonn agreed with its CoCom partners that CoCom should be strengthened through cuts in the list of proscribed material and better enforcement procedures. There enforcement procedures. There is little doubt, however, that pressure is growing in German industry for a more radical overhaul.

The chances of such a pro-cess being set in train at the forthcoming executive commit-tee meeting are slim. Not only does the US con-

tinue to regard its relationship with the Soviet Union as basically adversarial; it is not even ready to consider relaxing the special restrictions applied to the Soviets because of the inva-sion of Afghanistan. The Soviet timetable did not envisage complete withdrawal before February 1989 and it is not cer-tain that even that will be met.

Mr Wendt said.
Meanwhile, the operation of export controls could become even more complicated in future as the emphasis

Seoul lifts more trade barriers

tionals were already vying for

By Maggie Ford in Seoul

FOREIGN businessmen have welcomed new rules issued by the South Korean government which lift barriers on the marketing of imported products, previously restricted to local trading companies.

The move follows pressure from Washington and Brussels on South Korea to open its market to reduce trade sur-

Despite past easing of restrictions ranging from out-right bans to high tariffs on many products, businessmen have complained that the controls on trading have in effect meant that the market remains

subsidiaries or joint ventures in South Korea will be able to import and distribute all but 12 restricted items. These include agricultural products, fuels, books and newspapers, alcohol, works of art and agricultural

In the past all imports of fin-ished products have been in the hands of South Korean tures involved in manufacturing were allowed to import machinery and some raw materials but those not involved in industry were banned from

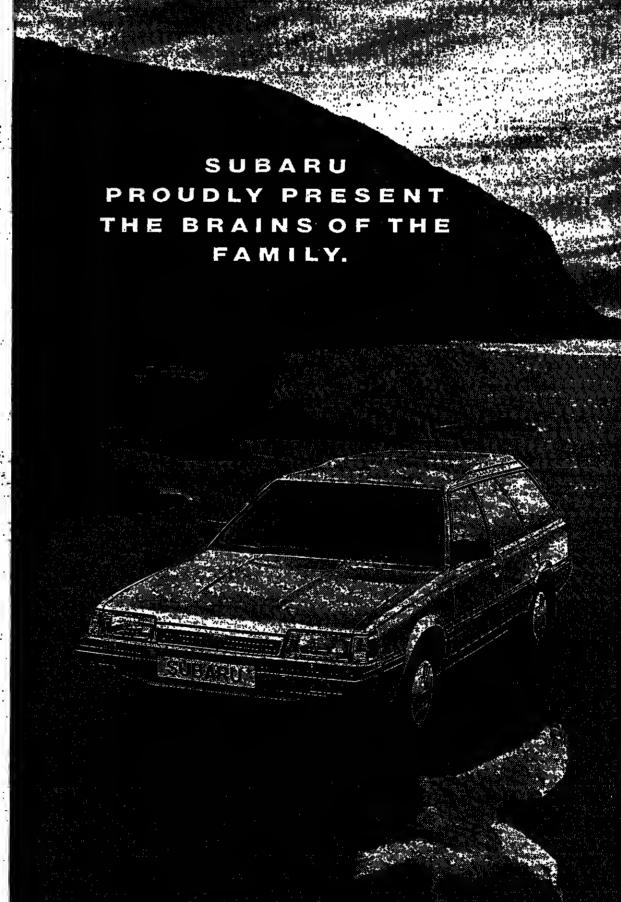
Businessmen expressed cau-

Under the new rules, foreign tion that the government could still impose underlying restric-tions in areas such as customs, inspection and package regula-tions. Most felt, however, that the Government's move did involve a commitment to genu-

ine free trade. "It's a very promising trend," said one trader. "Japan and Taiwan lifted these restrictions years ago. It will have a good effect on consumer prices and help the South Koreans reduce the inflation rate through cheaper imports.

The move is also likely to introduce a wider range of higher quality foreign products

the granters



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Chile business confidence hounces back

By Barbara Durr in Santiago

CHILE's stock market and parailei dollar rate bave largely returned to normal fol-lowing the defeat of General Augusto Pinochet in a pleblscite earlier this month. This is being interpreted as a sign that the business community's confidence remains firm for the moment. There were fears that the defeat could have provoked financial chaos.

According to Santiago's Chamber of Commerce, the parallel dollar has bounced back to pre-piebiscite levels. It now hovers around 290 pesos, after shooting up to 320 pesos the day after the vote. The stock market, where the 49 most actively traded shares plummeted 16.7 per cent on that day, has resumed its upward climb and share values

have largely recuperated. Sounding upbeat about Chile's future, Mr Manuel Feliu, president of Chile's most important business association, the Confederation of Production and Commerce, said: "Democracy is the best system

for private enterprise. But he cautioned that new project and investment decisions could be delayed until the picture is clearer

Mr Feliu and other business leaders have said that the current uncertainty stems from a lack of clarity about the opposition's economic programme. While the 16-party opposition coalition has assured businessmen that it intends to build on the positive parts of the Pinochet regime's economic model, such as balanced budgets, low inflation, continued growth and openness to foreign investments, it has been short

on specifics. The opposition has focused far more of its energies on its political programme. Its joint statements on the economy have generally stuck to the safe ground of macroeconomic

But there have been hints, particularly on wage increases, changes in labour and mining laws and a halt to privatisa-tion, that there could be significant disagreements among its ideologically diverse members on how the economy should be managed if they win next year's presidential elections.



General Pinochet: loser at the polls

An editorial in Santiago' main business weekly newspa-per, Estrategia, said "a large slice of responsibility now falls on the politicians, who must give economic actors adequate signals of confidence and security so that they can continue working and investing." If the opposition does not give such assurances, it warned that businessmen could become exceedingly prudent on medium and long term investment decisions.

Such assurances, however, are unlikely to come until the opposition decides on who is to be their presidential candidate. Mr Jaime Ale, director of studies for the Society of Manaufacturing Promotion, suggests that political uncertainty the run-up to the plebiscite already in fact slowed invest-

ment decisions. He notes that the rate of imports of capital goods has declined between January and August this year to 20.8 per cent compared to 44.2 per cent for the same period last year. Though growth is expected

to run about 6 per cent this year, Mr Ale said regarding 1989 "we will grow but at a lower rate than what the conditions of the country really

According to government projections, Chile's gross national product is expected to expand next year by just 45

Dukakis battles on as Bush widens lead

GOVERNOR Michael Dukakis, trailing in opinion polls, cam-paigned in Michigan yesterday under his strategy of concentrating on key states in the US presidential election, agencies

report from Washington.
Vice President George Bush,
his Republican rival, meanwhile, plans little respite to his campaigning for the November 8 election despite his hig lead in polis.

An NBC-Wall Street Journal poll of 1,878 likely voters released on Monday showed

Mr Bush with a 17 point lead over his Democratic chal-lenger. He had the support of 55 per cent of those polled, compared with 38 per cent for Mr Dukakis and 7 per cent

Such a lead would probably give Mr Bush 303 votes in the electoral college - which actu-ally chooses the President against 105 for Mr Dukakis.

Other recent polls have shown Mr Bush with a solid hold on more than 200 electoral college votes compared with fewer than 100 for Mr

Mr Dukakis has opened his new offensive — simed at 20 heavily populated states — in the industrial Midwest. He targeted the economic problems of Ohio, Michigan and Dinois, known, as their heavy industries close, as the "rust belt."

He told factory workers in Dayton: "Every week we lose thousands of manufacturing

The trend would continue if Mr Bush became President, he said. "His record tells America's heartised 'Let it rust'." Mr Bush, wary of over-confi-dence, toured a defence plant at Denver, Colorado. He promised military researchers that, as President, he would press ahead with the controversial Strategic Defence Initiative known as "Star Wars" and other strong defences.

Mr Bush, who has said he would balance the federal bod-get by 1991 or 1992, said: "We do not need major increases in defence spending nor can we afford major decreases." Later the Republican candidate stood in a rainstorm in Skokie, Illinois, to tell Jewish voters: "I am committed to the survival of Israel. It has sur-

vived. It will survive."

Amazon law suit ruffles feathers in Brazil

By Ivo Dawnsy in Rio de Janeiro

A CONTROVERSIAL legal action against two Amazon Indian chiefs and an American anthropologist has exploded on to the front pages of Brazil's newspapers after a federal judge refused to hear testi-mony from a defendant because he was not dressed in

"civilised" clothes. Cubei, heir to the chleidom of the Amazonian Caispos tribe, had arrived at the Belem court house with 400 warriors, arrayed in their traditional uniform of feather head-dress, jewellery, red and black war paint and machine-made cotton football shorts.

When told he must return in trousers and shirt if he wished to be heard, Cubei declared the decision to be cultural arrogance and returned with his tribesmen in a convoy of buses with the two Indians to Florida
for his village on the Xingu in January at the invitation of

So skilled, however, was the defendant's public relations (Cubei is said normally to prefer jeans), that it has somewhat overshadowed what Indian rights' lobbyists claim is a classic example of the patronising and contemptnous behaviour of the Brazilian gov-ernment to its indigenous peo-

Cubei, his friend, Paulinho Paiacan and Dr Darrell Posey, an ethno-hiologist, are facing charges under the so-called "Foreigners Law" - a statute that carries jell sentences of up to three years and possible deportation to those proved to have deliberately damaged Brazilian interests abroad.

The actions were brought after Dr Posey had travelled

an academic symposium on tropical forest management. According to Dr Posey, they were then invited by US Indian rights groups to Washington to present their case to the World Bank and other influencial bodies against Brazilian hydroelectric schemes, scheduled for

the Yingu river area.
On their return to Brazil, all three were charged by Justice Ministry prosecutors with damaging the reputation of Brazil. It is alleged against Dr Posey that he manipulated the Indisus into making the visit in order to make difficulties for Brazil's hydroelectricity pro-

Local press reports have claimed that the US visit played a major role in delaying the conclusion of a \$500m World Bank power sector loan - a claim denied by Bank officials this week. The defendants and their supporters say that the Government has brought its charges to intimidate other Indians from making their case for the protection of their

tribal homelands from dam After last week's incident Cubei has launched a legal action against Judge Iran Velasco Nascimento for racism, in breach of Article 5 of

Brazil's new constitution. The judge, meanwhile, has ordered psychiatric reports on the Indians to assess their level of "acculturation" or integra-tion with non-Indian society. Brazilian Indians' rights to land and other privileges are forfeit if it can be established that they have attained a cer-tain level of integration with the mass of society.

couse célèbre both within and outside Brazil and was raised by the British rock singer. Sting, this month during the international human rights concert tour organised by Amnesty International.

The Brazilian authorities have long been angry at what they see as continual foreign interference in the country's internal affairs by anthropologists, missionaries and lobby

Earlier this month, Survival International, a London-based Indian rights group, organised demonstrations outside 13 Brazilian embassies in protest against plans to reorganise ter-ritories of the Yanomami tribe on the North-Eastern border of the country.

Insurer warns over forced premium cuts

By Nick Bunker

MERCURY General, a medium-sized insurance company in Los Angeles, has become the first US insurer to say it faces insolvency if voters California next month approve a measure backed by Mr Ralph Nader, the consumer rights advocate, calling for mandatory 20 per cent cuts in motor insurance premiums. Mr Keith Parker, Mercury's chief financial officer, said the measure would cut its revenue by an immediate 30 per cent, and deplete its capital to the point of insolvency within 15

months Recent polls have shown that the Nader-backed pro103, is the most popular among five insurance-related initiatives due to appear on the state's ballot papers on election day, November 8. All five are simed at reduc-ing the high cost of motor insurance, which has reached

crippling levels in the most densely urbanised areas of Los Angeles in particular. Earlier this year, Ms Rozani Gillespie, the state's insurance Commissioner, released a survey showing that in the ingle-wood area of Los Angeles a 21year-old woman would have to pay at least \$1,958 a year to re a standard private car.

issues in California, where the insurance industry has spent more than \$43m on a publicity campaign aimed at resisting rate criting measures proposed by Mr Nader and by the state's trial lawyers association. Until Mercury made its

announcement however, no insurer had publicly confirmed that the Nader-backed measure's impact would be severe enough to force it out of busi-

Mr Parker said the company was especially concerned because it relies on Californian motor insurance for 98 per cent He said Mercury had made neously with filing an advance application with regulators for exemption of the rate cuts under Proposition 163, on the grounds of threatened insol-

"We are the first company to file," Mr Parker said. "If the proposition is approved the insurance Commissioner will have to hold hearings about exemptions and we want to be first in line."

The rest of the US property/ casualty insurance industry is watching the California ballot propositions with anxiety, because with \$29.5bn of total 1987 property/casualty premi-ums the state accounts for 15

By Ann Charters in MR CARLOS Andres Perez, the front running presidential candidate and former Venezuelan president outlined his governmental programme on Monday with priorities placed on making Venezuelan democracy

outlines plans

Venezuelan

front-runner

"socially efficient."
With the December 4 election in view, he promised a modern Venezuela where the

poor reaped the benefits of development and where the economy is less strapped by the state and more productive Mr Perez, who called the country's economic situation a crisis due to its foreign debt and its dependency on oil reve-

ented towards productivity, competence and equality."

Venezuela should be able to supply domestic markets, pay for imports with its own exports and generate earnings and profits that were compati-

nues, proposed the construc-tion of a new economy ori-

ble with acceptable levels of social well-being.

In what could be an opening for the private sector, he said he would limit the discretionary power of the Government in the economy to "strategic participation" in such areas as promoting private sector exports and in clearly defining

Motor insurance has become one of the biggest election its announcement simultaposal, known as Proposition Judge denounces accusations by Drexel

By Roderick Oram in New York

THE FEDERAL judge hearing the buge securities fraud case against Drexel Burnham Lambert has refused to remove himself from the trial, saying that the Wall Street firm's accusations that he was violating conflict of interest rules were bizarre, far-fetched and

In a strongly worded opinion.
Judge Milton Pollack agreed,
with the federal government,
the Securities and Exchange Commission and plaintiffs in related cases that he should

remain on the Drexel case.

"The antics" of Drexel's counsel in attemptting to frus-trate the filing of the SEC's charges against it "are an affront to the civility which must attend the conduct of litigation," Judge Pollack said.
Drexel, which said it would ask the New York appeals court to force Judge Pollack's removal, had argued that his impartiality could be ques-

tioned because his wife is about to gain \$30m when her family sells its interest in a

department store. Drezel is beining the buyer raise the finance but will have no direct contact with Mrs Pollack. The SEC's case against Drexel and four senior officers including Mr Michael Milken. the leading figure in its junk bonds operation, is the largest securities fraud case in decades and grew out of investigations

into Mr Ivan Boesky.

Drexel's accusations led to heated court room exchanges week between its counsel and Judge Pollack, who is

reputed to be tough on white-collar crime, Despite the adverse rulings so far, Drexel's tactics are paying off, lawyers observing the case say, The Wall Street firm has managed to shift the focus away from the long list of SEC

ing the filing of criminal charges against it.

Meanwhile, its counsel have goaded Judge Pollack into angry responses which could weigh in Drexel's favour in the

charges and is possibly delay-

the functions of the public and private sectors.

MEXICO: BACKGROUND TO US LOAN

Steering a skilful course through the debt crisis

Stephen Fidler looks at Mexico's non-confrontational but adept approach to its creditors

could not meet its foreign debt repayments, which marked the beginning of the developing country debt crisis, the country has provided the touch-stone for the problem.

In the eyes of those who have followed the crisis, Mexico — whose \$100bn of formexico — wbose \$10000 or for-eign debts make it the second largest debtor in Latin Amer-ica after Brazil — has probably handled the last six difficult years more skilfully than any of its southern neighbours.

While always keeping the possibility of default very much as a background possibility, Mexico has been among the least confrontstional of debt countries. Yet, it has been swift to move to take advantage of any weakness it per-ceived in the armour of its

Thus in February 1987, when Brazil confronted its creditors and declared a moratorium on interest payments to banks, it was Mexico which moved quickly to gain most of the



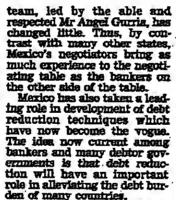
the US adminstration and particularly by the then chairman of the US Federal Reserve Board, Paul Volcker.

Indeed, the US card is one Mexico has played several times before the announcement on Monday of a \$3.5bn bridging loan. It is a card which Mexico, being the clos-est geographically to Washington, gets dealt more often than other Latin American debtors, but it is one it must play most carefully because of domestic sensitivity in Mexico to dependent dence on the US. Apart from this, Mexico has resented a more unified and



Paul Volcker: pressure on commercial banks

consistent face to its creditors than almost any other country over the last six years. During the entire six years of the Mig-uel de la Madrid presidency, the president himself been a supporter of economic orthodoxy. Furthermore, the person-nel in his debt negotiation



role in alleviating the debt burden of many countries.

Mexico led the way earlier
this year with an offering of
what have come to be called
Aztec Bonds. The bonds, collateralised against 20-year zero
coupon US Treasury bonds,
were exchanged for discounted
debt held by the banks.

Although the issue itself was
not regarded as a huge success

- \$2.56m of bonds were issued
in exchange for \$2.66m of debt

in exchange for \$3.66bn of debt and a further \$492m of reserves were used up to buy the US zero-coupon bonds - the tech-nique was thought to be usable



Angel Gurria: able head of the Mexican team

elsewhere. The problem appeared to be that bankers were not worried about the eventual payment of principal, but wanted to be certain about the next few years' interest payments. With this in mind and before the recent drop in reserves, Mexico was contem-

Debtas %

plating another issue.

Being an oil producer. Mexico's economic fortunes— and those of Venezuela— often follow an inverse pattern to those of its oil-importing neighbours. This is one reason why the focus of the crisis appears to swing among the big three debtors, Argentina, Brazil and Mexico.

Despite successful efforts to increase non-oil exports, which mcrease non-ou exports, which rose 40 per cent over the last two calendar years, the country still remains vulnerable to falling oil prices and rising US interest rates. Of course, both happened this year.

The US standby financing should do much to help Mexico over the next few difficult months. But the eternal problem will remain next year: how to ensure economic growth while maintaining net trans-ters of funds to creditors. Interest repayments alone this year are estimated at \$9bn, and next year they can be expected to be even higher.

Mexican sigh of relief at \$3.5bn US bridging loan

yesterday appeared relieved by the speed and willingness of the US Government in provid-ing an unprecedented \$3.5bn in bridging finance. Senior officials said that the

agreement, hammered out over the weekend in Washington, represented a highly visible endorsement both of Mexico's economic adjustment policies and of Mr Carlos Salinas de Gortari, who takes over the presidency on December 1. Mr Salinas's economic team has been increasingly assuming control of the economy since he was confirmed as president last month. Foreign debt has been treated as a pri-ority since Mr Salinas has fre-quently inferred that Mexico

cannot sustain its current level of debt service and resume eco-nomic growth. His suporters said he now had a cushion of financial support and could clearly demonstrate that future clearly demonstrate that future economic strategy enjoyed the full confidence of the US.

His office yesterday described the loan as unprecedented and said it would help Mexico face unfavourable circumstances over which it had no control, particularly falling oil prices and rising interest rates.

These resources, added to

THE Mexican Government an excellent level of reserves. will allow the government to face external factors over which it has no control," it

The loan offer was "a good sign for advantageous ties which Mexico intends to have with the United States", it

The highly secret negotia-tions and quick conclusion of the broad outlines of the US bridging finance caught the opposition by surprise.

However, the increasingly powerful opposition movement led by Mr Cuauhtemoc Car-denas, the leftist candidate denas, the leftist candidate who claims he was defranded of victory in the July presidential elections, is expected to make political capital out of the deal. Opposition economists indicated yesterday that, even without knowing details of the conditions of this US assistance, Mexico would be further subordinated to the dictates of the International Monfurther subordinated to the dictates of the International Monetary Fund and World Bank.

A World Bank team is understood to be in Mexico examining fresh assistance. The Bank is already funding strucutral adjustments in trade policy to the tune of \$1bn. It is still not clear whether a mission from the Fund will also be coming to Mexico in the near future.

THE US financial authorities have issued the following statement on the Mexican loan its external sector, has established the basic conditions for the renewal of sustained eco-

Commercial banks worried at funding implications

By Stephen Fidler, Euromarkets Correspondent

THE SCALE and the timing of the US bridging loan for Mexico surprised most com-mercial bankers yesterday, and

most admitted to mixed feel-ings about the deal. ings about the deal.

While they welcomed the explicit evidence of strong US support for Mexico at an uncertain time, they were also worried that the implication might be that Mexico would soon be tapping the commercial market for funding next year.

Until Monday, most banks believed that Mexico would not need to ask them for funds

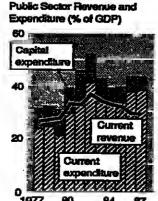
need to ask them for funds until late next year at the earli-

New money

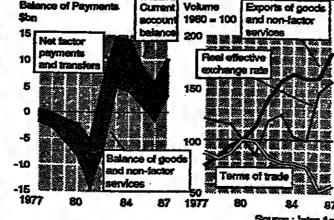
Yesterday, despite the heightened prospect that they would be called on to provide funds, many bankers said they believed that the country would still not need new money for some time from the

commercial banks. Nevertheless, if the banks were called upon, a number of problems present themselves: As currently envisaged,

Mexican economic indicators Public Sector Revenue and Balance of Payments







there will be no standby proted to provide \$1.5bn or more in loans.

Banks have always insisted on IMF standby programmes before lending new funds, and many would be extremely gramme for Mexico from the International Monetary Fund. The Fund is expected to provide a special contingency financing of between \$30m and \$900m to compensate the counreluctant to lend unless such try for a drop in oil prices, while the World Bank is expecan IMF accord were in place.

Bad feeling about the previ-

Source : Inter American Development Bank annual report ous \$7.7bn commercial bank financing. Many banks outside the US objected to being pres-sured by the US into the finan-

• The problem of so-called "free riders," banks which are new call for funds. happy to receive interest pay-ments on their loans but which

Store

hever cough up new money. Many bankers believe that unless the option of interest capitalisation is allowed, many bank lenders will ignore any · Because Mexico does not appear to be in desperate straits, some banks will be

interest payments 20

es % of exports

reluctant to lend because of the suspicion that the Govern-ment will use its reserves to buy back bank debts at a dis-count in the secondary market. As many had feared, the secondary market in Third World debt is thus proving a disincen-tive for banks to provide new finance for a developing coun-

According to Mr Paul Luke, economist at Libra Bank, the London consortium bank spe-cialising in Latin America, interest payments by Mexico this year are estimated at about \$900 and would probably be more next year because of higher US interest rates.

Direct investment

pal next year are currently forecast at about \$6bn. While the country had net amortisations this year of \$4bn to \$5bn, this was offset by direct investment of nearly \$2.5bn and interest on the

Gross repayments of princi-

Treasury and Federal Reserve statement

ment on the Mexican loan package:

The Treasury Department and Federal Reserve welcome that economic measures recently announced by the Government of Mexico.

The US financial authorities believe that these measures build upon the progress already achieved in the sustained adjustment effort undergone by the Mexican economy.

Mexico's adjustment record, particularly the process of fiscal consolidation and the structural transformation of the sustained economic polities have agreed that Mexico's strengthened economic polities have agreed that Mexico's strengthened economic relations, US and Mexican authorities have agreed that Mexico's strengthened economic polities have agreed that Mexico's strengthened economic polities have agreed that Mexico's strengthened economic polities have agreed that Mexico's strengthened economic relations, US and Mexican authorities have agreed that Mexico's strengthened economic polities have agreed that Mexico's strengthened economic property.

Accordingly, the US Treasury and Federal Reserve are prepared to develop a short-term bridge loan of up to \$3.5bn, depending on the development of loan property.

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- Serve in territories
- & Americans
- Ze din

By Stefan Wagstyl in Tokyo

MR KAZUO KENGAKU, a Japanese fund manager known for his investment skills and his connections with organised crime, was found dead yester-day buried in a lump of con-

His dsatb highlights the murky links in Jspan between a few speculative investment groups and the yakuza, a part of the Japanese underworld. The discovery of his body is the latest twist in the demise this year of three speculative groups based in Osaka which specialised in greenmailing, buying large blocks of shares and forcing target companies to buy back at inflated prices.

Police in Osaka said yester-day three men are under arrest after admitting being involved in the kidnapping and murder of Mr Kengakn, the former president of Cosmo Research, an investment group, and of Mr Hiroyuki Watanabe, a Cosmo Research employee. Cosmo Research is unconnected with Recruit Cosmos, the Japanese company involved in the current insider

trading scandal. According to police, the three have links with Yamaguchi Gumi, the largest of Japan's semi-clandestine crime syndicates. Among them is Mr Keizo Kawamura, allegedly a senior Yamaguchi Gumi execu-

Mr Kengaku and Mr Watanabe disappeared in January after they were called to a res-taurant and ordered to deliver Y100m (\$440,000) to Mr Kawamnra. At Mr Kengaku's instruction, another Cosmo Research employee deposited

gaku and Mr Watanabe were

Roh offers

UN address

early summit meeting in its

capital without preconditions.

AP reports from the United

Mr Rob, in the first address

by a South Korean president to the UN General Assembly, also

called on Seoul's allies, the US

and Western nations, to

improve relations with the

north and help to end North Korean isolation. "It is our

wish that our allies and friends

will contribute to the progress

and opening of North Korea by

engaging Pyongyang in expanding relations," the presi-

He also emphasised that par-

allel to its ties with the West, Seoul was trying to improve relations with China, the

Soviet Union and Communist

East European nations friendly to its communist neighbor.

Four representatives of the

South African National Soccer

League arrived in the Zambian capital of Lusaka Monday evening to hold talks with offi-cials of the African National Congress. The talks between

the soccer league representa-tives – three blacks and an Indian – and ANC officials, including Mr Thabo Mbeke,

director of information, are expected to last until Friday.

They come only 24 hours after

a surprise meeting in Harare between the ANC and Dr Dan-

nie Craven of the South Afri-

sporting events and the institu-tionalisation of multi-racial sport in South Africa Soccer,

Nigeria wheat row

on wheat imports, Reuter reports from Lagos. But the military Government has reaf-

firmed its stand with a sharp response to complaints by the

US ambassador that the ban discriminated against US farm

Israel's Supreme Court yester-

day barred the anti-Arab Kach movement of US-born Rabbi Meir Kahane from running in

the November 1 election, say-ing it was racist and undemo-

cratic, AP reports from Jerusa-

lem. The high court ruled on a

Kach appeal against a Central

Elections Commission decision banning it from the poll.

Chinese investment

Foreign investment in China in

the first nine months of 1988

was \$1.56bn, an increase of 35

per cent over the same 1987 period, China Daily said, according to Reuter in Peking.

Kach banned

SA soccer talks

dent said.

Nations in New York.

peace in

The Bank of Japan said it expects M-2 plus certificates of deposit money supply to rise at a year-on-year rate of 10 to 11 per cent in the October/De-cember quarter, Reuter writes from Tokyo. In the July/September quarter, money supply grew at a year-on-year rate of 10.9 per cent, after an 11.3 per cent rise the previous three months. Earlier, the bank had said money supply growth slackened to 10.6 per cent in September from 10.9 per cent in Angust. The slower growth rate reflected a slackening in growth of large lot deposits.

then strangled, according to police. The killers buried the bodies in concrete in a warehouse. But when the bodies began to decompose, they were removed still encased in con-crete and dumped in the countryside near Kyoto.

Mr Kawamura maintains in police statements that the murders were carried out in order to steal Y100m from Cosmo Research. But police suspect that the real motive might have been a dispute between Cosmo Research and gangster groups over share dealing.

Mr Kengaku, who was 43, was a legend among speculative investors who said his forecasting was "better than a computer". He started his career as a fund manager at a small stockbacking assurant. small stockbroking company and made his name in 1974 by turning in buge profits on shares in Nihon Air Brake - a raid that is still remembered by Japanese brokers.

But in 1961 Mr Kengaku had to leave his firm after another

speculative investment went wrong. He was snapped up by investors connected with the Osaka underworld and went to work for Nihon Land (also known as Nihon Tochi), an Osaka speculative investment

group well known in Japan for its size and its links with crime Mr Kengaku was so successful that in 1986 he set up as president of his own company, Cosmo Research.

Cosmo Research.

For two years, at the height of the buil market. Nihon Land, Cosmo Research, and a third investment group called Cosmopolitan, made huge stock market profits, often specialising in greenmail, or buying big blocks of shares and persuading target companies to buy them back.

But the sluggish performance of the stock market since the crash last October squeezed the speculators' funds and their patience to the limit. As their nerve crumbled

limit. As their nerve crumbled so did their confidence in their fund managers

Nihon Land, Cosmopolitan and Cosmo Research all ran into financial trouble. In Angust Cosmpolitan went bankrupt with debts of Y70bn,

followed last week by Nihon
Land owing Y156hn.
The fund managers were
themseives exposed to the
attention of their often unsavoury creditors and of the police. Mr Yusuji Ikeda, chair-man of Cosmpolitan, went missing in August, last seen at Shin-Osaka railway station. Mr Kazuma Kimoto, president of Nihon Land, was last week charged with illegally possess-ing firearms. Mr Kengaku and the unfortunate Mr Watsnabe

paid the ultimate price.

NEW STOCK EXCHANGE CHIEF AIMS TO COMPUTERISE CLEARING SYSTEM

Professionalism demanded in HK

By John Elliott in Hong Kong

A YOUNG 36-year-old Shanghai-born banker turned broker was yesterday appointed to the demanding HK\$2.5m (£187,000) a year job of chief executive of the Hong Kong Stock Exchange, one year after the largely unregulated market was closed by the world crash and hit by subsequent corruption scandals. He is Mr Francis Yuen, who

was brought up in Hong Kong, educated at a university in the us, and for the past two years has been managing director of Citicorp Scrimgeour Vickers' Hong Kong brokerage – earning more than his new salary. Earlier he set up and for two years ran Citicorp's local investment banking division, having started his banking career in 1977 at Wardley, the Hongkong and Shanghai Bank-ing Corporation's merchant bank offshoot.

Tomorrow Mr Yuen moves from his 42nd-floor Citicorp office, with panoramic views across Hong Kong harbour, to his new stock exchange home in "a room with no windows" on the ground floor of the same fashionable plusb Exchange Square block.

"I was approached to take the chief executive job last December or January," says Mr Yuen who talks easily about his career and ambitions for the Hong Kong market. "But I said 'No' unless there were substantial reforms because the chief executive job was pretty useless - he just headed the administration, and the staff were related to the committee members and were loyal to them.

"Now the problem of the committees will be sorted out and Hong Kong banking back-by the new council, so staff ground, he can "talk in their

problems will also be sorted

Mr Yuen's appointment yes-terday followed elections on Monday for 16 seats on the stock exchange council, includ-ing four corporate members among whom are two interna-tional brokerages. Asked whether the exchange will eventually be Oriental or West-ern, he says that Chinese style "family connections" will be

"Our idea is to make it a much more professionally run exchange, turning from an extrange, tuning management entrepreneurial management style to more professionalism. This means getting job respon-sibilities of key employees defined for the first time, sorting out conflicts of interest. developing relationships with the Securities Commission to avoid duplication, and strengthening stall in the list-ing department."

He believes that in the next

three to five years the fature of securities markets will be driven by the advancement in telecommunication links reducing distances between New York and Hong Kong and other exchanges, and by the world-wide de-regulation effort which may mean you have world-wide standards and 24-

hour trading". That he says "sets out clearly that the number one priority here is to organise the new central clearing and deposit taking. At present this is done by a basically manual system, and work has already started on the two-year compa-

terisation programme.

He thinks he was probably chosen for the job because, with his mixed international



Mr Francis Tuen (left), new chief executive of the Hong Keng Stack Enchange, is pic-tured with Sir Quo-Wei Lee (right), chairman of the Hang Seng Bank, part of the Hong-kong and Shanghai Banking Corporation, who was named chairman after election to the exchange's council on Monday.

own way to the small brokers"

- many of whom are "sole traders, one man shops and stockies who cannot speak English and may even be illit-

He knows this will be a crucial part of his job because there are considerable tensions between the small local bro-kers and the gweilos, as nou-Chinese are called in Hong Kong, who come mostly from the UK to run big brokerages and regulate the affairs of the

By Jim Muir in Nicosia

THE Lebanese parliament failed to elect a new Speaker-yesterday, raising fears that

the country may have hurched-

forther towards partition and

the disintegration of its

He credits Mr Ronald Li, the

Lebanese MPs fail

to elect Speaker

former chairman of the stock exchange who now faces corruption charges, for "his contribution popularising the stock market". But he believes that it will not be possible for a total of eight people now facing charges, and nine others who were officially advised not to stand in Monday's elections, to wield power again.

wield power again.
"I believe in historical forces - once you've gone on you can't come back. Hong Kong has gone beyond the stage of entrepreneurs running the exchange.

bases deal 'sell-out' By Richard Gourisy THE renegotiated agreement on vital United States military bases in the Fhilippines, concluded in Washington on Monday, leaves Manila considerably richer, relations between the two allies bruised but intact, and both sides with agreementables to play for in far.

Philippine

opposition

attacks

everything to play for in fur-ther talks on whether the US decemps in 1991. The accord, covering the last two years of the current lease, was greeted in Marsia with a mix of reactions that are likely to crystalise over the next year as Washington pushes for an extension of its lease on Clark Air, Subic Naval and four

Air, Subic Naval and four smaller bases.

Many Philippine congressmen who had been left out of the six-month talks appeared disappointed that Manila was not able to secure more compensation, despite the neartipling of the hard cash element to \$962m over two years.

Vocal emponents of the

Vocal opponents of the bases, including a strong repre-sentation in the Scuale, attacked the agreement as a sell-out and harmful to national sovereignty. The outlawed Communist Party accused President Aquino of running a "puppet govern-ment" and threatened to inten-sify attacks against US targets.

The hard cash in the com-pensation package is increased by \$30im to \$48im a year for the next two years, subject to approval by the US Congress. This includes a big increase

Ins inclines a big increase in military assistance – by \$115m to \$200m – mainly for the Philippine army's 20-year long campaign against communist-led guerrillas, boosting economic support by \$55m to \$180, mainly for budget support, and \$120m in new money for food aid and housing loan presentees.

In a letter to Mrs Aquino. President Reagan said the US would also consider \$350m of Export Import Bank country exposure and hopes to issue \$150m investment insurance through the Overseas Private investment Corporation. This would take the total for

the new package to \$1.62bu.
The US has also adopted a formula on nuclear weapons, similar to that agreed last month with Spain, which allows US aircraft and warships to visit the Philippines without Washington baving to confirm or deny the presence of nuclear weapons, which it declines to do anywhere in the

Innovative

The Philippine government is left to decide whether or not the US can store nuclear weapons on Philippine territory. Mr Raul Manglapus, the Philip-pine negotiator, has received most criticism for not bringing home the \$1.2bm a year compensation he had publicly

However, one innovative element of the package that will not need US Congressional approval will boost the pack-age. Washington has relaxed rules governing the use of the

eign debt.
The scheme, modelled on Mexico's bonds-for-debt swap in March, calls for the US to issue treasury bills as security for new Philippine bonds which will then be offered to commercial banks in exchange

repaid, in exchange for nego-tiable US-backed bonds. Mexico had to use its inter-

bonds.

The revised bases agreement signed on Monday says that about \$150m will be released directly in budget support and made available for a market-oriented debt reduction programme in 1990 or earlier.

The move is modest but potentially significant. Apart from affecting the current Philipping request for around ippine request for around \$1.5bn in new commercial bank loans — most importantly as it may allow smaller creditor banks to cut their losses — it is a sign of the transparent is a sign of what the US may be prepared to offer on a greater scale in a compensation package for the bases after 1991, some economists were saying yesterday.

Longer term, negotiators will have to face Philippine Senate opposition to the bases and

opposition to the bases and Mrs Aquino's own refusal to Mrs Aquino's own rerusal we declare publicly whether she wants the bases to stay after 1991. A future treaty will have to be ratified by a two-thirds majority of the Senate, which is far from assured.

Also at stake is the future of an embryonic \$10bn international recovery plan for the Philippines modelled on the Marshall plan that relaunched post-war Europe. US officals have not tried to hide the implication that the plan is unlikely to fly unless the bases stay beyond 1991.

Australian companies shrug off crash impact |

By Chris Sherwell in Sydney

A SURVEY of 314 Australian corporations has shown that, for 84 per cent of them, last PRESIDENT Rob Tae-woo of October's stock market crash South Korea, calling for a "springtime for peace and rechad a minor or no impact. The finding tends to counter perceptions that Australia was onciliation", yesterday extended an olive branch to one of the big casualties of the North Korea and called for an share price plunge, and tallies

> rection than a "crash". The survey was commis-sioned by the Committee for Economic Development of Aus-

with evidence abroad that the

fall itself was more a sharp cor-

By Andrew Whitley in Jerusalem

winding-up brought Bankers Trust of

The postponement of Koor's

reply means that final deci-

sions over its future will be taken only after the Israeli par-

liamentary election on Novem-

ber 1. Its management had argued that responsible solutions could not be reached at the present

time. However, there was no eas-

ing yesterday of the badly

sbaken congomerate's acute financial difficulties, resulting from the drying up of much of its bank credit lines. By last hight, talks between top Treasury officials and the heads of the treasure of the state of the treasure of the treasu

Hevrat 'Ha'Ovdim, Koor's parent company, over a proposed bridging loan had not reached a con-

THE Tel Aviv District Court

yesterday granted Koor Indus-tries, Israel's largest company, a 30-day stay of execution against an application for

tralia, an independent organisation of business leaders and academics, and released to coincide with the first anniversary of "Black Monday", October 19. It confirms anecdotal findings that, at a microeconomic level, Australia's finance and insurance industries were hurt more than its manufacturing sector.

In manufacturing only 1 per cent of respondents felt the crash had a big negative impact on them, while 95 per

A statement issued by the

company said the one-month

breathing space provided by the court would enable Koor to

prepare its arguments oppos-

ing liquidation.

It would also use the time to draft a fresh recovery programme and work out an

arrangement to settle its bank

debts. Mr Benjamin Gaon, the company's president, told the Financial Times on Monday that the group's accumulated debts stood at

Of this, he said about \$800m was owed to local banks - no-tably Bank Hapoalim, an affili-ated company - and \$300m to foreign banks. The remainder

is represented by bonds outstanding in the US

market.
Although the official disclosure of Koor's half-year results

has been postponed until later in the month, the chief execu-tive recently circulated credi-tors with a note stating that

losses had been reduced to

cent thought it had no impact or only a minor one. In the finance and insurance industry the comparable figures were 29 per cent and 64 per cent.
Asked about the effects of the crash on their investment

activities, only 9 per cent of manufacturers and 21 per cent in finance and insurance said it had any effect. Retrenchments were also confined mainly to the finance and insurance industries. In manufacturing it was used to negoti-

\$65m. This compares with

\$253m for the full year

Earlier this week Hevrat

Ha'Ovdim, the holding com-

pany of Israel's trades union

federation, the Histadrut, decided against putting Koor either into voluntary liquida-

tion or requesting the appoint

ment of a temporary receiver. Mr Gaon said the feeling remained that the group was

worth more as a going concern than it would be broken up

into its many different compo-

Unable to meet everyday

running costs since its Israeli bankers stopped lending to unsecured Koor subsidiaries 10

days ago, Koor Industries is

seeking an urgent bridging loan of up to \$35m from the

But the price that it will probably have to pay for the government guarantee required by the banks is the appointment of an external

ate changes in work practices under the wage negotiating guidelines then in place. To explain the relative lack

of impact of the crash, the survey points to the "easy money" policy introduced by the Reserve Bank immediately afterwards. For manufacturers this acted to sustain domestic orders, the survey says, while for investors it prevented a liquidity crisis while they renegotiated loans given for share

Koor granted breathing space Pakistan poll allies fall out

By Christian Lamb in

A WEEK into Pakistan's first multiparty election campaign in 11 years, one of two new alliances has collapsed following a decision by the country's main conservative party, the Moslem League, to reunite, having separated into two factions last month. Each had formed separate alliances — one group led by provincial chief ministers joined the Islamic Democratic Alliance, and the other, headed by former Prime Minister Mohammed Khan Janejo, multiparty election campaign

On Friday the factions merged with Mr Junejo as president. The chief election officer, however, ruled the party had to fight as part of one of the alliances. Mr Junejo had to agree the Moslem League would join the IDA. But the IDA already had a list of candidates, leaving no room for many of Mr Junejo's men.

Mohammed Khan Janejo, launched the Pakistan People'e Alliance.

Andrew Whitley adds: Iraq's supply of weapons and ammu-nition to the Lebanese Forces, a hardline Lebenese Christian militia, has reached substantial proportions in recent weeks, according to a senior istaeli official

national institutions. As happened with three pres-idential election sessions last month, the attempt to choose a new Speaker - or more likely, to re-elect the incumbent, Mr Hussein al-Husseini – was foiled because East Beirut Christian MPs stayed away. Only 26 deputies, all from West Beirut or other Syriancontrolled parts of the country,

turned up - well below the 39 needed to make up a quorum. Those who did attend issued a statement saying that Mr Husseini, his deputy and aides should continue to discharge their functions with full pow-ers until a new election can be

But that move had already been challenged by the Chris-tian bard-liners. They denounced it as illegal and argued that the office should pass provisionally to the oldest surviving MP, Mr Kazem al-Khalil, a Shia Moslem long allied to one of the hard-line Christian parties.

With no President, two rival Prime Ministers, and now the formal division and paralysis of Parliament, all of the counor Pariament, all of the country's constitutional bodies have fallen apart. "Let us stop fooling the people," said 84-year-old Mr Khalil. "The country is finished. The house is collapsing around us, and we are just arguing over the furniture."

The official said earlier this week that the recent appearance of Iraq in the Lebauese cuckpit, following the ceasefire in the Gulf War, was "a significant new element" in the contest over the country's future. The Lebanese Forces, led by Mr Samir Geogea, a close ally of Israel, have acted repeatedly over the past two months to

foil Syrian attempts to press their own political candidates in Lebanon

Through the successful intervention of its proxy - blocking first the election of former President Suleiman Franțieh and again, yesterday, of a new Speaker of the National Assembly – Israel feels it has won the latest round of its long-running bat-

tle with Syria over Lebanon. "An unresolved situation is at least better than a Syrian-imposed solution," said the official, who closely follows

Lebanese affairs. What concerns Israel most is a legitimisation of the Syrian military presence in Lebanon. This would erode its own grounds for arguing that the two foreign forces on Lebanese soil - its own in the south and the Syrians in the centre and north - should be put on an equal footing as regards any future withdrawal.

Labour courts Israel's Arab community

can Rughy Board.

The talks are expected to focus on the possibility of ANC support for South African participation in international Andrew Gowers reports on the party's bid for a vital vote

unlike rugby, is widely foi-lowed by blacks, Indians, and mixed races in South Africa. srael's 750,000 Arab citi-Nigeria is facing mounting US pressure, including the threat of trade sanctions, to lift a ban

polling day, leading Israeli polipoliting day, leading israeh politicians have been barnstorming through dusty Arab towns and villages where they would not normally set foot, in search of votes from a sector of the population which constantly complains that it is discriminated against by the Jewish establishment.

before.
In between wooing floating voters of the centre and soft right, Mr Peres and Mr Ezer ish campaign chairman, have become frequent visitors to the predominantly Arab areas of northern Israel. Their aim is to prevent what many political

Political scientists reckon that at the last election in 1984 the Alignment captured up to 30 per cent of the Arab vote, and thus may owe as many as four of its seats in the current



hopes of emerging as the largest single party with the best chance of being asked first to try and form a coalition. Mr Weizmann was not completely weizmann was not completely exaggerating when he said the other day: "The Arab vote will decide who will be the next prime minister of Israel."

Polling of Arab voters is an imprecise science, but the anguries are far from comforting for Mr. Pares and the complete with the prime of the prim ing for Mr Peres and his cohorts. Most of the surveys published to date show heavy losses for Labour in this sector.

The reasons are not difficult to understand. They are closely linked with the Palestinian uprising in the Israeli-occupied West Bank and Gaza Strip,

which has heightened identity problems among a section of the population which despite holding citizenship rights has never been properly integrated

into Israeli society.

Mr Abdel Wahab Darousha,
a former Labour Knesset member based in the mainly Arab
town of Nazareth who quit the party last January to run for election on his own list, says Arabs have become increas-ingly frustrated with Labour's failure to deliver on pledges to improve their status and well-being within Israel. Frequently-expressed and unireated grievances include confiscations of Arab land by the authorities; and discrimi-nation in the funding of Arab municipalities and in services such as education and housing. Arabs are also fed up with the lack of movement on the Arab-Israeli peace process despite expectations raised during Mr Peres's two year pre-miership. Most importantly, they have been allenated by the repressive handling of the unrest in the occupied territories by the Labour Defence Minister, Mr Yitzhak Rabin. "That was the final straw," says Mr Darousha, who spent years fruitlessly trying to argue the Arab case within the Labour Alignment

"We do have a problem visa-vis the Arabs in Israel because we are in government and because Rabin is Defence Minister," admitted a senior Labour party official

Labour's attempts to limit the damage do not appear to be having much impact. Mr Peres is often accused of speaking in contradictory voices to his party's Jewish and Arab constituencies, though his position may be marginally enhanced by Labour's promise this week to hold local elections in the occupied territories if elected. occupied territories if elected.

That said, the Arabs' influence on November 1 will be more that of a protest vote than a positive force for change within the Israeli mainstream. The Arab community—sections of which have long been susceptible to the pressures of Israeli patronage—remains fragmented along sures of Israeli patronage remains fragmented along political, clan, religious and regional-lines. It is a classification of the spoils, the main beneficiaries are likely to be the Communists, who have acted as a magnet for Arab votes since the 1950s, and to the Progressive List for Peace, a relatively new Jewish/Arab party calling

new Jewish/Arab party calling for the establishment of a Pal-

estinian state alongside Israel.

Between them, the Commu-

mists (Rakah) and the PLP currently command six Knesset seats, and are expected to gain perhaps one extra seat each.

Their problem is that Labour cannot be seen to be openly cooperating with either party for fear of sacrificing potential centre-right Jewish votes. Their best hope may be to form part of a Labour-led "blocking majority" with the aim of preventing the formation of a right-wing coalition — an inherently unstable arrange-

inherently unstable arrange-Given the divisions in the Arab camp, one of the more intriguing side-effects of intriguing side-effects of Labour's expected losses will be a sizeable boost for a main-stream Zlonist party, the Citi-zens Rights Movement. Established in 1973 by Ms Shulamit Aloni, a former Labour Knesser member who

is widely recognised as one of israel's more capable and artic-plate politicians, the CRM (or in Hebrew, Raiz) has carved out a role as the voice of Israel's left-liberal conscience. The party currently has four seats, but may swell its representation this time to seven one or more of which may be attributable to Arabs determined to use their vote con-structively rather than in pro-

compensation money, to help Manila service its \$29bn forfor existing debt.

The banks will tender what discount they will accept for their Philippine debt, on which principal is unlikely to be national reserves to buy the US

zens are currently witnessing one of the less edifying spectacles of the country's general election campaign.

With less than two weeks to

Israeli parties of a variety of political hues have long courted the Arab vote courted the Arab vote – accounting for some 14 per cent of the potential electorate – at election time, just as they have tended to neglect Arab areas at other times. On this occasion, however, one of the two main parties – the Labour Alemment led by Mr Shimon Alignment led by Mr Shimon Peres – is undertaking the task with greater urgency than

Weizmann, Labour's now dovcommentators believe to be they could thwart Labour's

inevitable: a collapse of the party's traditional support among Arab voters.

This portion of the electorate
in any case a growing proportion of the total because the

Arabs of Israel have a higher hirth rate than the Jews - has become increasingly important to Labour as its fortunes have waxed and waned in the last 15 years or so, and espe-cially since the victory of Mr Menachem Begin's Likud bloc

120-member Knesset to Arab support. That may not seem many, but the margin that they provided over the Likud bloc was sufficient to give Mr Peres first shot at being Prime Minister in the current National Unity Government.

The forthcoming election is expected to be at least as close, perhaps being "decided" by only one or two seats. So the way the Arabs vote on November 1 could make a crucial dif-ference for Labour. Although they will not tip the overall halance between left and right,

Some experts reckon that Labour's showing will be down to only 10 per cent of the Arab

OVERSEAS NEWS

Burma battles with insurgency

Richard Gourlay reviews an embittered history of minority unrest

BURMESE rebels seeking greater autonomy from the central Government yesterday won a three-week battle for a forward military post near the Thai border Ran-goon Radio last night congoon name last night confirmed that the post had fallen to guerrillas of the Karen ethnic minority and said a regimental commander and 34 other government soldiers had

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BASEL:

The Karen guerrillas, the strongest of the dozen insurgent groups fighting for autonomy within troubled Burma, occupied two camps near Methawaw, on the west bank of the Moei River separating Burma and Thailand.

The Government announced that students who recently

that students who recently that students who recently joined the guerrillas must return home by November 18 or be regarded as rebels. Official "reception centres" have been established at 27 towns in areas bordering Rangiadesh, India, China, and Thailand. The students are supposed to check into these centres before

being sent home.

Officials of the various rebel groups say more than 9,000 students and other civilians have arrived at their camps since September 18 when General Saw Manng took power as Saw Manng took power as Burma's fourth leader in two months and crushed the pro-democracy movements in the

As well as fighting the Government; many of the insur-gent groups fight each other. When Burma's leader for 26 years, U Ne Win, nominally years, U Ne Win, nominally resigned on July 23, Karen and Mon minority insurgents in the south had just started fighting over who should tax goods smuggled through the Three Pagodas Pass from Thalland.

Now, Three Pagodas town is abandoned after bloody fighting, the ground strewn with landmines, according to monks and the This army. But the

and the Thai army. But the Mon and Karen remain more interested in their ancient rivalry than in current events in Rangoon. Burma's ethnic insurgencies and the National Democratic Front, which tries to bind them together, have played no part in the main event. They remain a forgotten sideshow in a country already in the wings of the world stage. Many diplomats and experts hold the view that if Burma is to move ahead, once a stable government emerges from the

current histus, the minorities'

demands will have to be addressed in a way that no government has succeeded in doing since independence in

"We want multi-party government - that will come from outside and internal pressure - but to get lasting peace we need to solve the ethnic ques-tion;" said Dr Tu Ja, the foreign secretary of the National Democratic Front which is based in Mae Sot, a Thai town made prosperous by cross border trade.
The insurgencies have been

a steady drain on resources. The 175,000 strong Burmese army has been fighting serious campaigns almost non-stop for 40 years. Insurgent-backed minorities also control areas that hold some of Burma's richest teak, jade, minerals and possible oil deposits which, as a result, remain under-developed. Rangoon is also largely unable to prevent large amounts of smuggling, particu-larly of prized Burmese jade,

larly of prized Burmese jade, across borders with China and Thailand areas which are mostly in insurgent hands.

Judging the insurgents' strengths and weaknesses is an imprecise science — which ones are nationalistically motivated and which, like Khun Sa's opium army, have become or always have been fronts for banditry or smuggling. Diplomats and the few experts who have travelled through Bur-

organised Kachin Indepen-dence Army. Smaller ethnic armies include one of the oldest groups, the Karen National Liberation Army, the Shan armies, which suffer from chronic internal bickering, the Mon, the Karenni and the Palaung.

ma's hinterland believe the

insurgents can muster about 25,006-30,000 fighters. The majority are north and east of Mandalay with the large, but lately ineffectual, Communist

Party of Burma and the best-

Panghsang >>

Mandalay

.Together, minority groups



BURMA'S main opposition party said yesterday that it wanted an end to the country's international isolation, bring-ing in foreign investment and replacing the rigid socialist economy with free enterprise, AP reports from Rangoon.

In a nine-page policy state-ment, the National League for Desnocracy said it would seek closer relations with foreign countries and participate in international and regional economic organisations.

The statement said its policy

would be to return national-ised enterprises to their origi-nal owners and privatise or abolish all but a few state enterprises vital to the nation. The first priority, it said, would be ending ethnic insur-gencies that were "draining

the country's resources and hampering development."

Despite weeks of violent

political protest, the military-backed Government reasserted control on September 18. But it allowed the formation of it allowed the formation of opposition political parties and promised general elections without setting a date for the polling. So far, 22 parties have been formally registered with the Government, including the powerful National Unity Party that has welded power for the past 26 years under a different name.

The Government has admitted that more than 450 people were killed in a campaign to restore law and order and 1,120 people have been recruised to act as paid porters

make up about 40 per cent of Burma's population of 38m, although many of them live in the lowlands where the majority Burmans are in control, diplomats estimate. The insurgents appear to have total control of a third of Burma, which is about the size of Texas, with the better organised groups, such as the Kachin, operating permanent hospitals, schools and some small towns. Ne Win has relentlessly per

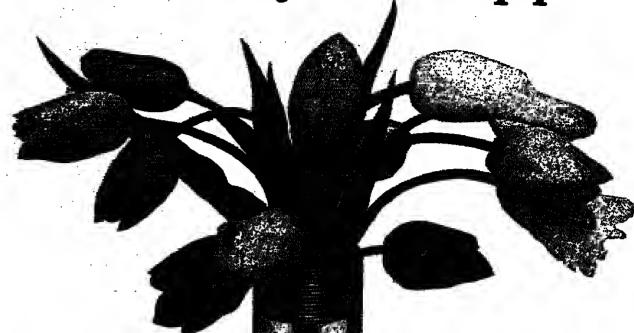
sued a policy of trying to defeat the insurgents. How-ever, the NDF under Kachin ever, the NDF under Racini-guidance has officially relaxed demands for independence and is now calling for a Burmese federation. This is not a com-mon position. The Communist Party of Burma is bent on forming a Marxist Lenninst government in Rangoon. And the Karen still cling to the hope of an independent state. Any solution will have to recognise 40 years of pent-up resentment of Rangoon's supremacy, dating from the rocky first years of indepen-dence from Britain, diplomats

The country started to disintegrate, without the unifying hand of Aung San, the revered nationalist leader who was assassinated shortly after negotisting an independence from Britain that respected the minorities' interests. Two weeks after British soldiers left, the Communist Party of Burma revolted in the Pegu Yoma hills, north of Rangoon. Then a large contingent of Karen soldiers defected from the Union Army to join the Karen National Defence Organ-

Within a year of independence the country was in a state of civil war, aggrevated by a residue of Chinese Nationalists (Knomintang) who had fled across the border from Mao Tse-Tung's army. After a full in fighting in the mid-1950s, the insurgencies picked up again with the formation of Kachin and Shan armies in the 60s ad 70s respectively and heavy military backing from China during the cultural revo-lution for the fading Communist Party of Burma.

The insurgency problem con-tinued throughout this decade and is one of the few aspects of Burma's internal problems which looks just the same now as it did before the wave of unrest and political crisis broke out three months ago.

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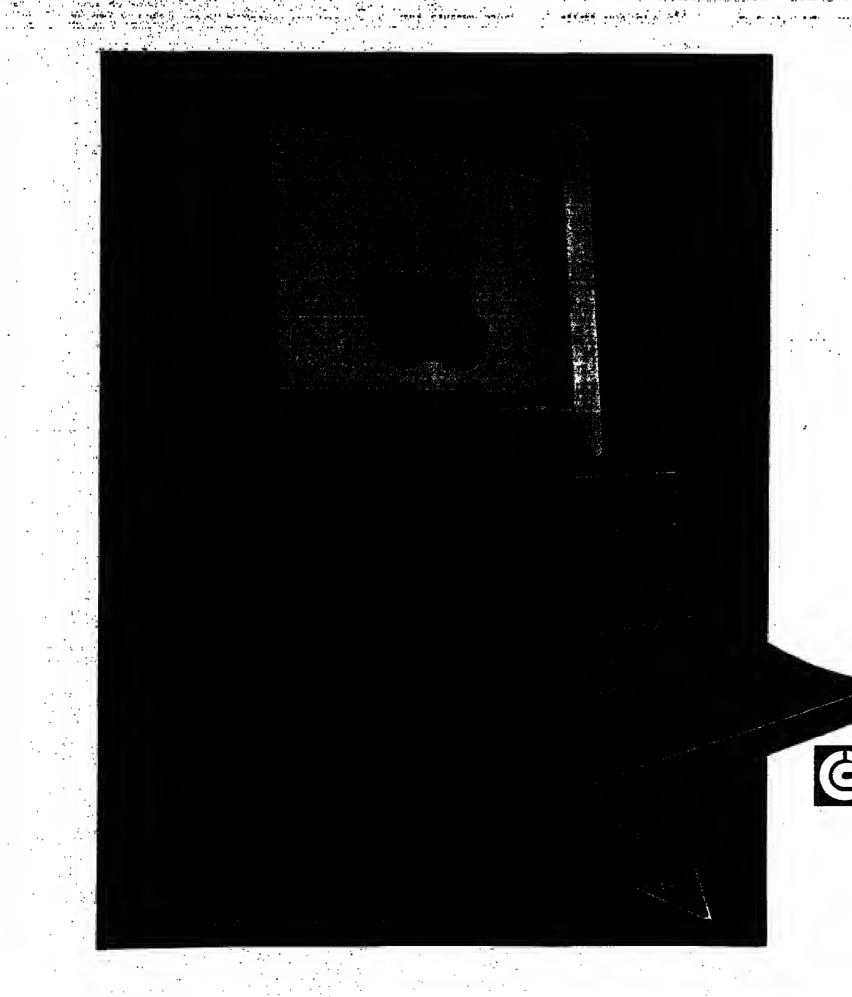
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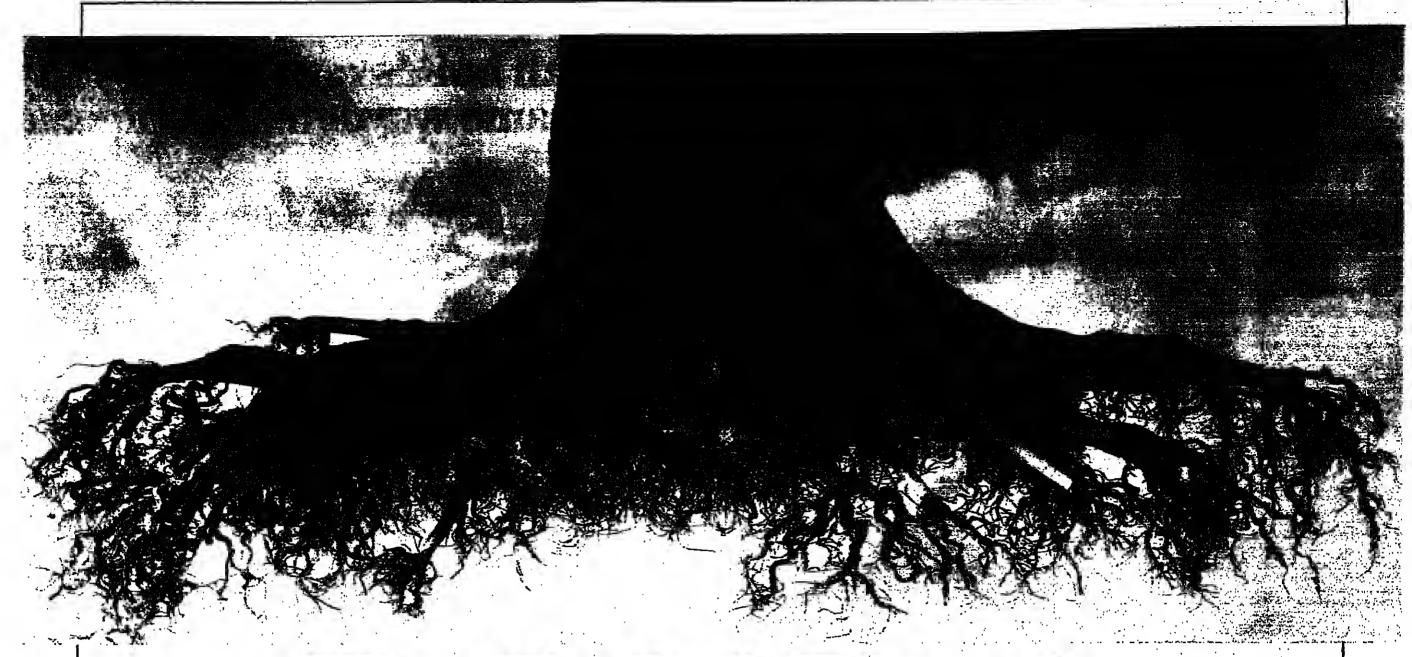
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Government surplus may exceed £8bn for year

THE GOVERNMENT is well on the way to achieving a surplus of more than 28bn for this financial year according to Treasury figures published

Treasury figures published yesterday.

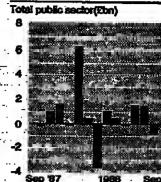
The figures show that although the Government borrowed nearly 21bn in September, it is set to repay a lot of debt this financial year.

The mouthly figures for the public sector borrowing requirement, which include a breakdown of expenditure and revenue, show a Public Sector Borrowing Requirement (PSER) surplus of £3.7bn for the first six months of this financial year. financial year.

Revenue growth is signifi-cantly higher than predicted by Mr Nigel Lawson, Chancel-lor of the Exchequer, in his budget in March this year, and expenditure appears to be lower than forecast.

lower than forecast.
Mr Lawson will make a new forecast for the PSBE in the Antumn Statement next month and economists in the City of London expect him to estimate a PSBR surplus of

UK financial markets hope that the tomorrow the Chan-cellor, in his annual address to



sion House banquet, will explain his policy towards the

the first six months of the financial year were 8 per cent higher than in the same period a year earlier and receipts from customs, excise and value added tax were 13 per

cent up.
The Treesury estimated that inland Revenue receipts would rise by 6 per cent this year and

customs and excise receipts by

7 per cent. On the expenditure side, supply expenditure was 5 per cent higher in the first six months of the year than for the same period last year. In the budget the Treasury forecast that public expendi-ture, a slightly different category from supply expenditure, would rise by 7.4 per cent.
The Treasury said the September figures were slightly distorted by the effects of the postal strike.

This lowered Inland Reveme receipts by some hundred of millions of pounds. In addi-tion, there was also the pay-ment of a rebate to the major

ment of a rebate to the major oil companies for Advanced petroleum revenne tax.

Advance petroleum revenne tax was phased out in 1983 and the last payment by the oil companies of APET was made in 1986.

Last month the Revenue paid a rebate of £400m to the oil companies and this is expected to be the last large scale rebate.

Petroleum revenue tax yielded 2300m during Septem-ber leaving a net rebate of tax to the oil companies of 2100m.

Statistical Office admits errors in September national accounts

By Ralph Atkins, Economics Staff

ERRORS AND omissions mean large parts of a government book of statistics published last week are useless, officials admitted yesterday.

The Central Statistical Office (CSO) national accounts, in its September monthly digest of statistics, were unreliable and people were advised to use

Its admission will further undermine confidence in the government statistical service. Independent economists have complained for some time of inaccuracies and an internal Treasury review is expected to be concluded soon.

The errors in the September digest are in annual and quarterly figures for economic statistics, such as gross domestic tory. For example, the digest

product, investment and consumer spending.
The CSO said the problems

arose because changes to its computer system coincided with a re-basing of index num-bers to 1965. However, human error was almost certainly a

An official said: "I suppose in the last analysis it was sloppy editing." The CSO said it had only

become aware of the mistakes in the last few days and is still trying to find out the extent of The result is a collection of

spurious results: figures in ables do not match headings and numbers are wrong or The effect is to rewrite his-

shows gross domestic product – or national income – falling sharply between 1982 and 1983. More reliable figures show it

The CSO said correct annual figures could be found in its UK national accounts 1988, or Bine Book, published earlier last month. Users should refer to press notices, or contact the CSO; for details of recent quar-

The monthly digest, which costs 25.50, is widely used as a reference book by academic economists and London financial analysts. As well as eco-nomic statistics, it includes information on other subjects such as population, transport, energy and agriculture. The

invest £725m in UK plant

By Kevin Done

FORD Motor of the US, world's second-largest automotive concern, is to invest £725m to build a new engine plant at Bridgend, South Wales, in a move claimed by the company to be the largest single investment ever made in a vehicle engine plant.

The investment will be the largest made by any motor.

largest made by any motor manufacturer in the UK, exceeding the £610m being invested by Nissan of Japan in its car assembly plant in north-east England. It confirms ford's intention to make the UK its major European centre for engine production.

for engine production.

Government selective regional sid was one of the factors which persuaded Ford to choose Bridgend in preference to its other existing European engine sites at Dagenham in the UK, Valencia in Spain and Cologne in West Germany.

The Welsh Office indicated vesteriary the assistance would yesterday the assistance would total no more than £30-40m,

however. The new plant will be built on the site of the company's existing Bridgend engine plant, which came on stream in 1980

after an investment of more than £180m.

Mr Derek Barron, chairman and chief executive of Ford's UK subsidiary, said the plant would have the capacity to pro-duce up to 850,000 units a year, compared with the present capacity of about 500,000 units a year. Production is due to begin in the summer of 1991. Ford said some 60 per cent of the production from the new plant would be exported to Ford plants in Europe and would generate annual export earnings in excess of £300m a

Ford US to | Verdict on insider dealing is handed down by the book

Raymond Hughes examines the recent court ruling

he Appeal Court ruling yesterday on the mean-ing of the word "obtained" in the legislation against insider trading will have been greeted with relief by the Department of Trade and Industry.
The DTI is at the forefront of the Government's attempt to

offences.
The three judges said those who knowingly dealt in shares on the strength of unpublished, price-sensitive information would be guilty of insider dealing, regardless of how they came by the information.

The case bigged on the

The case hinged on the meaning of the word "obtained" in the 1985 Com-pany Securities (Insider Dealing) Act. The Act makes it an ng Act. The Act makes it an offence for a person to deal in shares on the basis of unpublished, price-sensitive information "which he knowingly obtained (directly or indirectly) from another individual..." Mr Brian Fisher, London barrister and businessman, was acquitted on two insides dealing charges after a court ruling that he had not know-

ingly obtained price sensitive information, but had been given it without soliciting it. After yesterday's rul-ing - which is to be reviewed by the Law Lords, the final court of appeal - the DTI was said to be carefully considering its precise terms. Mr Fisher said the ruling

tightened up the market place and forecast that the part of the act which dealt with secondary insiders would prove "unworkable." His acquittal is unaffected by the appeal jndges' ruling, which had been sought by Sir Patrick Mayhew, Attorney General, only as guidance on treated unsatisfactorily. the law for the criminal, or Crown, courts in future cases. Mr Fisher's lawyers took part in the hearing - which was not an appeal in the ordinary sense - to give the judges the benefit of an alternative argument on the law to that put forward by Sir Patrick.

curb insider dealing and is responsible for investigating Had the three appeal judges decided differently, tha DTI would probably have had to and prosecuting suspected drop at least some of the cases already before the courts or

It has 31 cases on its books including one awaiting trial at Oxford Crown Court, three others due for preliminary hearings and 19 being investigated.

Insider dealing was wade as Insider dealing was made an offence in June 1981, under the 1980 Companies Act. The case involving Mr Fisher was the DTTs first reversal in prosecu-

tions under the 1985 Act.
Mr Fisher was the first person to fight an insider dealing prosecution. Southwark Crown Court was told in April that he had approached Thomson T-Line, an alling caravan man-ufacturing company, with an offer to buy.

While the offer was being discussed with Kleinwort Ben-

son, the company's financial adviser, Mr David Thomson, the company's chairman, made a private sale arrangement.

Miss Rosalind Hedley-Miller, a director of Kleinwort Benson,

had felt it proper to inform Mr Fisher of what had happened. She told the Crown Court she had felt she had an ethical responsibility to advise Mr Fisher of the other bid and the fact that an announcement would shortly be made.

I would not normally give

price-sensitive information to other potential buyers," Miss Hedley-Miller said, "but I thought Mr Fisher had been iffice sensitive action on his part."

"I felt he was owed an expla-nation, but I had to be careful what I told him. I felt embar-

rassed about letting him down and warned him that what I was about to say would make him an insider Ten minutes later, Mr Fisher elephoned his stockbroker and bought 6,000 shares in Thom-son T-Line, selling them five weeks later for a £3,340 profit.

The defence successfully argued that Mr Fisher had no case to answer because he had not solicited the information from Miss Hedley-Miller and therefore had not "obtained" it. Judge Gerald Butler turned to the Shorter Oxford Dictionary and found the meaning of "to obtain" given as "to pro-cure or gain, as the result of purpose and effort."

He concluded that, in the context of insider dealing, obtaining involved actively seeking or acquiring information" not merely accepting or receiving it.

He directed the jury to

acquit Mr Fisher.

The appeal judges also had recourse to dictionaries — both the Shorter Oxford and Webster's New Internation-- from which they conchuded that "the word is capable of supporting the con-tention of either party." Lord Lane, the Lord Chief Justice, and his two colleagues

derived more help by delving into the history of the 1985 Act to see what Parliament's inten-

tion had been.

They concluded "that Parliament intended to penalise the recipient of inside information who deals in the relevant securities, whether he procures the information from the primary insider by purpose and effort, or comes by it without any pos-

Venezuelan group buys site joining St Paul's

By Paul Cheeserloht. **Property Correspondent**

PATERNOSTER SQUARE, a complex of offices by St Paul's Cathedral in the City of London, is passing into Vene lan ownership.

The redevelopment of the site has excited the concern of the Prince of Wales. Mountleigh, the property group which owns Paternoster Square, announced yesterday that it was selling the property, with four other central London office buildings, to

Organizacion Diego Cisneros (ODC) for £317.5m. multinational group controlled by the three Cisneros brothers. It is based in Caracas and its interests stretch from property and manufacturing to sports goods, baby products and Pepsi Cola franchises. It has annual

It is ODC's first major prop-erty purchase in the UK. The deal was struck early yester-day after lengthy negotiations in a Rotterdam hotel.

Paternoster Square, covering 4.3 acres, was developed in the 1960s to provide 307,000 square Wales end others have described it as an eyesore and redevelopment is seen as a sec-ond chance to create a complex of buildings which would sit felicitously with St Paul's.
Arup Associates won an international competition to

produce a masterplan for the area and its work was the focus of an exhibition during the summer. Mountleigh, which gained full control of Paternoster Square last May, said that it expected to be engaged in the project as manager for ODC. Analysis, Page 36

CSO said these were unlikely

Living standards eroded, says Labour By Charles Hodgson

GOVERNMENT cuts in public spending on infrastructure have created a "polluted, congested and rundown country" balance between investment

Launching the party's autumn offensive against the Government's economic policies, Mr Gordon Brown, Labour's Treasury spokesman produced figures which, he said. demonstrated that Said, demonstrated that Britain's quality of life was being eroded through the delib-erate underfunding of key areas that depended on public

ill-prepared for the challenges and consumption by announc-of the 1990s, the Labour Party claimed yesterday. next month. To help finance that investment, the next budget should reverse the top-rate tax cuts of last March, he said.

Labour is giving priority to its attack on the Government's economic strategy, tapping what it regards as growing public concern about the state of the economy following recent rises in inflation and

Its opening shots come as the Government's review of public spending plans for the next financial year nears completion. Some government departments including defence and social security, have so far failed to reach agreement on their budgets with Mr John Major, the chief secretary to the Treasury, and it looks increasingly likely that the led by Mr Cecil Parkinson

interest rates and the widening trade deficit.

Star Chamber committee the Energy Secretary, will shortly be called in to arbi-

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> Phillips & Drew Securities Limited 120 Moorgate, London EC2M 6XP

Capel-Cure Myers Capital **Management Limited** 65 Holborn Viaduct London EC1A 2EU

Jeyes Group plc **Brunel Way** Thetford, Norfolk IP241HA

and for collection only during normal business hours up to and including 21 October 1988 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1 DD.

19 October 1988

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Notice of Meeting

To the holders of the U.S. \$110,000,000 71/2% Bonds Due 1996

DSL Bank Deutsche Siedlungs- und Landesrentenbank

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Bondholders") of the above-mentioned Bonds (the "Bonds") is convened by DSL Bank Deutsche Stedlungs- und Landesvertenberk (the "Bank") and will be held at 2.30 p.m. on 11th November, 1988 at Woolgate House, Coleman Street, London ECZP 2HD for the purpose of considering and, if thought fit, passing the resolution set out below which will be proposed by the Bank as an Extraordinary Resolution in accordance with the provisions of the Paying Agency Agreement dated 29th April, 1986 and made between the Bank, The Chase Manhettan Bank, N.A. (the "Principal Paying Agent") and others (as amended) (the "Agency Agreement") relating to the Bonds.

(the "Principal Paying Agent") and others (as amended) (the "Agency Agreement") relating to the Bonds. The Resolution, it passed, will modify the Terms and Conditions (the "Conditions") of the Bonds and the Agency Agreement by the insertion of an additional Condition pursuant to which the Bank may, without the consent of the holders of the Bonds or the holders (the "Couponholders") of the coupons appertaining thereto (the "Coupons"), but subject to compliance with the procedures therefor set out in the Agency Agreement (as amended), effect the substitution for the Bank as debtor under the Bonds and the Coupons of a subsidiary of the Bank incorporated or established outside the Federal Republic of Germany and thereupon be released and discharged from its obligations and liabilities under the Bonds and the Coupons subject to the payment of principal of, interest on, and any additional amounts required to be paid pursuant to the Conditions of, the Bonds being either (a) unconditionally and irrevocably guaranteed by the Bank in the terms to be required by the Agency Agreement or (b) secured by an assignment of, or a charge upon, a deposit with a branch of the Bank of an amount not being less than the aggregate principal amount of the Bonds outstanding (as defined in the Agency Agreement) to a trustee for the Bondholders in the required by the Agency Agreement, in each case on terms that the Conditions (including such additional Condition) will, subject as to be provided in the Agency Agreement, thereupon apply to the substitute debtor as if references to "DSI. Bank" therein were to such debtor and as if references to the Conditions of the Bondholders or the Couponholders, effect the substitution for such debtor of itself without any guarantee or any security for the payment of the principal of, interest on, or any additional amounts required to be paid pursuant to the Conditions of, the Bonds.

Sondholders should note that, in connection with any substitution effected pursuant to the modified Conditions.

Sondholders should note that, in connection with any substitution effected pursuant to the modified Conditions, the Bank will not be required to have regard to the consequences of any such substitution for individual Sondholders or Couponholders resulting from their being for any purpose domicted or resident in, or otherwise connected with or subject to the jurisdiction of, any particular territory and no Bondholder or Couponholder will be entitled to claim from the Bank or any substituted debtor any indemnification or payment in respect of any tax or other consequence arising from such substitution.

Details of the background to, and the reasons for, the proposed Extraordinary Resolution are contained in an Explanatory Statement and the dated 19th October, 1988 (the "Explanatory Statement") prepared by the Bents, oppose of which are available for collection by Bondholders at the specified offices of the Principal Paying Agent and the other Paying Agents for the Bonds (together, the "Agents"), the addresses of which are stated below. The Explanatory Statement also contains the text of the Conditions as they will be if the Extraordinary Resolution is passed, the procedures to be required by the Agency Agreement for any such substitution and the terms to be required by the Agency Agreement of any such guarantee or assignment or charge.

The resolution to be proposed by the Bank at the Meeting is as follows;-

Extraordinary Resolution "THAT this meeting of the holders of the U.S. \$110,000,000 7/%. Bonds Due 1995 (the "Bonds") of DSL Bank Deutsche Siedlunge- und Landesmetenbank (the "Bank"), issued pursuant to a Paying Agency Agreement (as amended, the "Agency Agreement") dated 29th April, 1986 and made between the Bank, The Chase Manhattan Bank, N.A. and others, hereby:—

(i) assents to the proposal by the Bank for modification of the provisions of the Terms and Conditions of the Bonds and the Agency Agreement proposed by the Bank and set out in the Explanatory Statement dated 19th October, 1968 and issued by the Bank, a copy of which is produced to this Meeting and initiated by the Chairman hereof for the purpose of identification;

(ii) sanctions every modification, abrogation, variation or compromise of, or arrangement in respect of the rights of the holders of the Bonds and/or the holders of the Coupons appertaining thereto against the Bank strivolved on or resulting from the passing of this Resolution, the modification referred to in paragraph (i) of this Resolution, the execution of the Second Supplemental Paying Agency Agreement referred to in paragraph (ar) of this Resolution and any substitution of debtor effected pursuant to, and in accordance with, such Terms and Conditions as so modified; and

(iii) authorises the parties thereto to concur in and execute a Second Supplemental Paying Agency Agreement in, or substantially in, the form of the draft produced to the Meeting and initialled by the Chairman hereof for the purpose of identification and all such other documents and to do all such other acts and things, in each case, as may be necessary to carry out and give effect to this Extraordinary Resolution."

The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Voting and Quorum

A Bondholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bonds, or one or more valid voting certificates leaved by one of the Agents relating to the Bonds, in respect of which he wishes to vote.

A Bondholder not wishing to attend and vote at the Meeting in person may deliver his Bonds or voting certificates to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified office of say of the Agents the addresses of which are set out below) instructing an Agent to appoint a proxy to attend and vote at the Meeting in accordance with the retirement instruction.

Bonds may be deposited with the Principal Paying Agent or any of the other Agents for the purpose of obtaining voting certificates or appointing produces at any time until 48 hours before the fixed for the Meeting, but not therester. For this purpose, Bonds held to the order of the Principal Paying Agent or under its control, in each case to the satisfaction of the Principal Paying Agent, in the Euro-Clear Clearance System or by CEDEL S.A. will be treated as being deposited with the Principal Paying Agent. Bonds so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting for which voting certificates or, being not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, upon the sumender of the voting instruction receipts issued in respect thereof and notice of such sumender being given by such Agent to the Bank.

2. The quorum required at the Meeting is two or more persons present in person holding Bonds or voting certificates or being a proxy or process and holding or representing to the aggregate not less than a clear majority of the principal amount of the Bonds for the time being outstanding. If within hell-sin-hour from the time appointed for the Meeting a quorum is not present, the Meeting will be adjourned for such period, not being less than fourteen days nor more than forty-two days, as may be appointed by the Chairman, At least ten days' notice of such an adjourned Meeting will be given. The quorum at such an adjourned Meeting will be two or more persons present in person each holding one or more Bonds or voting certificates or being a proxy or proxies (whatever the principal amount of the Bonds so held or represented) who shall have the power to pass the Extraordinary Resolution and to decide upon all metters which could properly have been dealt with at the Meeting should a quorum have been present at the Meeting.

Gear with at the Meeting should a quorum have been present at the Meeting.

3. Every question submitted to the Meeting or the adjourned Meeting will be decided by a show of hands unless a poll is demanded by the Chairman of the Meeting or by one or more persons present in person and holding one or more Bonds or voting certificates or being a proxy or prodes and holding or representing to the aggregate not less than one-liftieth of the principal amount of the Bonds then outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of every Bond so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands a declaration by the Chairman of the Meeting that a resolution has been carried by a particular majority or lost or not carried by any particular majority will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in avour of or against such resolution.

4. To be passed, the Extraordinary Sesolution requires a rejective in favour of or against such resolution.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon or, if a poll is duty demanded, by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Bondholders, whether present or not at such Meeting, and upon all the Couponholders, and each of the Bondholders and Couponholders will be bound to give effect thereto accordingly.

Availability of Documents

Copies of the Agency Agreement and the Supplemental Paying Agency Agreement dated 18th October, 1988 supplemental thereto may be inspected, and copies of the Explanatory Statement, voting certificates and other documents referred to above may be obtained, by Bondholders at or from the specified offices of the Agents the addresses of which are set out below.

Principal Paying Agent The Chase Mentretten Benk, N.A. Woolgate House Coleman Street

ngue Brumiles Lambert S.A. 24 Avenue Mamb B-1050 Brussels

Paying Agents

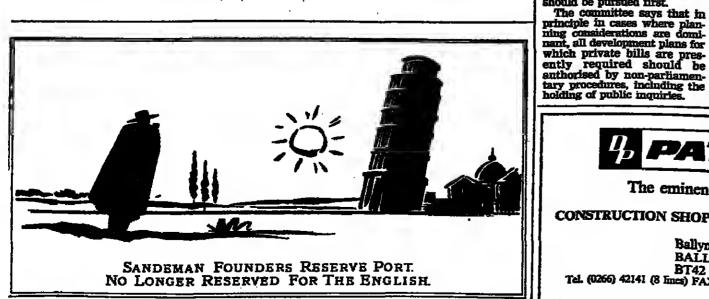
Chase Manhattan Bank Luxembourg S.A. 47 Boulevard Royal Luxembourg

Berliner Handels- und Frankfurter Bank Chase Manhettan Bank

DSL Benk Kennedyalise 62-70 D-5300 Bonn 2 1 New York Plaza 14th Floor New York, NY 10081

19th October, 1988

DSL Bank Deutsche Siedlungs- und Landesrentenbank.



UK NEWS

Generic industry faces unpleasant medicine

Peter Marsh explains why new laws will be welcomed by branded drugs companies

Branded pharmaceuticals with estimated UK annual sales of £170m are to be protected from generic copying for four extra years under legislation due to be enacted in the next few

That will bring a sigh of relief from UK manufacturers of branded medicines. But many small companies which make generic copies of phar-maceuticals will face harder times as the number of products becoming available for copying is cut.

There could well be a sub-

stantial cut in the number of generic drug companies whose products are chemically identical to branded products, but normally cheaper.

Sales of generic drugs have risen significantly in recent years. They now account for about 10 per cent of the National Health Service's £2bn annual medicines bill

Several dozen companies are

involved. There are mixed feelings in the health care world about the imminent change. Generic producers have helped cut the UK drug bill. On the other hand, some of the big drug companies accuse the smaller ones of eating unfairly

into their profits.

Leading generics companies in the UK include Evans Medical, Harris, Thomas Kerfoot, Generics (UK), ABS, Cox and CP Pharmaceuticals.

The legal change is embod-ied in the Copyright. Trade-marks and Patents Bill, which is due to receive royal assent

the growth in prominence of companies selling generic

the proviso was added that, four years before a plurmaceutical patent's expiry, companies other than the original manufacturer could apply for a "licence of right" to copy the product. They had to pay a royalty to the original producer.

In effect, this cut from 20 years to 16 the legal protection for several important drugs

covered by patents taken out

The last two are unusual because they are owned by two of the hig makers of branded drugs, West Germany's Hoechst and Fisons of British.

in the next fortnight.
The bill's enactment will remove a legal anomaly which for many years has annoyed Britain's mainstream branded pharmaceutical companies, such as Glaxo, Imperial Chemi-cal Industries and Beecham, and which has contributed to

drugs.
The anomaly resulted from the 1977 Patent Act, which provided for a 20-year life for all UK patents, bringing the country into line with the rest of the Enropean Community. Pre-viously, British patents had lasted for 16 years.

Pharmaceutical patents filed between 1967 and 1978 were extended to the new term. But

important drugs affected by UK patent rule change Ville anger £90m 1997 1995 1995 1994 Heart Zoviezx Herpes 1963 1963 1963 1991 1980 Augment Organ Tplant Antiblotic Heart Carriene

> Antibiotic نوانش دارد زمر زخت باس زمرار

outer Multis Palleul Associates

before 1978. Since the early 1980s, Britain's big branded drug makers have protested that the licence of right provision was

They say they need a long period of patent protection for their products in which to build up sales without competition. This, they say, is the only way they can recoup the hefty expenditure - up to 150m for a

single product - required for drug development.

The Copyright Bill will end the licence of right prevision for those drugs whose patents expire during the four years

from November 1993. As a result, products which would have become available for copying from November

next year now have a stay of execution during which generic versions will be illegal for a further four years.

According to a study by Martin Paitaoi Associates, a UK consultancy specialising in drug patents, about 50 large-calling phenomenotricals with

selling pharmaceuticals with total annual sales of about £170m a year are involved.

The most important is Zantac, Glaxo's highly profitable ulter drug which has annual UK sales of £90m. Under the

licence of right provision, Zan-tac would have become avail-able for patenting in 1993. This date is now put back to 1997. Other drugs with significant sales which would have been svailable for copying after next year but now have extra pro-

Jaguar looks into

tection include Welicome's Zovirax, an anti-herpes product, and Capoten, a heart medication made by Squibb of the US. Other significant products in the group are listed in the accompanying table.

The big question is what fraction of these £170ma-year sales the generic companies could have expected to have made if the licence of right period was not changed.

period was not changed.

The question is highly complex, given that many of the doctors who prescribe drugs have a strong allegiance to branded products.

They can therefore not be relied on to substitute a generic formulation for a branded medication once it becomes available, even if it is

Another complicating factor is that when a generics com-pany copies a branded product, the royalty it has to pay the original manufacturer may often amount to some 30 per cent of the selling price of the

generic formulation. Thus, even if the branded manufacturer's sales decline because of the generic product, it gains some revenue in par-

tial compensation. Observers think the repeal of the licence of right rules will cost the generics industry perhaps 120m a year - cash that some of the smaller companies in the industry could have done with.

BIRMINGHAM INTERNATIONAL MOTOR SHOW

Iveco Ford achieves first profit since link-up

By Kevin Done, Motor Industry Correspondent

DAF IS TO go shead with a E300m in the current year. £100m-plus investment in a This represents about

vehicles subsidiary of Fixt of Italy, expects to increase its net profits by more than 20 per cent to a record level of about £160m from £130m last year. Mr Giorgio Carozzo, managing

director, said yesterday. Iveco, the second largest truck maker in West Europe behind Daimler-Benz of West Germany, said that Iveco Ford Truck, its UK joint venture with Ford, had achieved its first profit in the first six mention of the venture with second control of the venture of the months of the year since the two companies merged their UK interests in mid 1986. Iveco Ford, the UK market

leader (for trucks above 3.5

new van range to be built in the UK even if its current

search for a partner on the venture is unsuccessful.

The new vans are intended to replace the Sherpa range, produced by Leyland DAF's

Freight Rover subsidiary at

Birmingham.

The company, which took control of the former UK state-owned Leyland Vehicles in a merger last spring, is also stepping up its purchases from UK component makers, to reach

Restraint urged

DEVELOPERS should be

prevented from promoting pri-vate bills in Parliament as a "back door" to obtaining plan-ning permission, a joint com-mittee of Lords and MPs rec-

ommends in a report published today. The committee, set up to

examina possible improve-ments to private bill procedure in the wake of recent contro-

versial private legislation, says that the promoter of a private bill should be required to prove

that legislation was necessary to achieve the essential pur-

pose of the bill.

Where this purpose could be achieved by other means, such as through the normal planning process, those means should be pursued first.

on developers' 'back-door' bills By Charles Hodgson

By John Griffiths

IVECO, the commercial tonnes gross vehicle weight), made a net profit of 25m in the first half of the year compared with a loss of £9m in the whole of 1987 and a start-up loss of 522m in 1986.

> Iveco Ford, in which Iveco has management control, increased its volume sales by 36 per cent in the first half of the year to 8,700 units, said Mr Garuzzo, while turnover jumped by 46 per cent to £127m.

Iveco Ford has opened up a gap of more than 2 percentage points ahead of its closest competitor in the UK, Leyland duction had risen b DAF, the UK subsidiary of cent to 159,900 and gr DAF of the Netherlands, and over to £1.7bn.

This represents about one third of DAF's total annual

spending on components and there is no reason why the pro-portion should not reach 50 per

cent in the coming years, Mr Aart van der Padt, chairman of

DAF's management board, said

UK purchases were based

entirely on commercial consid-

erations, such as the cost and

quality levels being achieved by the UK components sector. While DAF yesterday gave

estment could start working for it business, clip your business care

He said that the increased

at the motor show.

Daf endorses new van range

claimed a market share of 34.9 per cent after the first nine months of the year (for trucks above 3.5 tonnes gross vehicle weight), compared with 22.3 per cent a year ago. Iveco Ford's main strength is

in light and medium trucks, where it controls 40.5 per cent of the market for tracks of 12-15.9 tounes and 45.3 per cent of the market from 5-11.9 tormes.

Mr Garuzzo said that overall
the Iveco group had increased
its volume sales by 15 per cent in the first six mostles to 67,008 units, while diesel engine production had risen by 11 per cent to 159,900 and group turn-

no precise figures, company officials said the company, through its Leyland DAF sub-

sidiary, was running a belance of trade surplus on its UK

Although most of the car-rent spending in the UK is on parts for Leyland DAF's UK

plants, "an increasing propor-tion is in the form of compo-nents built into vehicles which

are experted from Britain and

sold on the European Conti-nent through DAF's 500-strong distribution network," said Mr

racing cars.

litre, 43 valve version of Jaguar's V12 engine, is said by eight seconds.

progress beyond a concept car seems open to doubt, however. "Tom Walkinshaw (TWR's chief executive) will have to be

that, with a production run likely to be measured in dozens rather than in thousands, the car would be exceptionally

supercar potential

By John Griffithe

A STUDY is under way to assess whether the XJ 220, a 220mph Jaguar sports car unveiled at the Birmingham motor show yesterday, should be put into production. The "commercial viability"

evaluation is being made not by Jaguar Cars, but by Jaguar-Sport, a joint venture set up carlier this year between Jag-uar and the TWE group, which produces and operates Jaguar's

JaguarSport would also build the X.1220 at its Bicester, Oxfordshire, facilities if a decision to go shead is made.

The car, with four-wheel-drive and powered by a 6.2

Jaguar to be capable of accelerin 3.5 seconds and to 100mph in Whether the XJ220 ever will

really satisfied that the car could make money before starting work on it," said Mr David Boole, Jaguar's public affairs director. All concerned acknowledge

expensive — probably more than the 2150,000-plus which has been obtained by rivals Porsche and Ferrari for very

limited edition cars such as the Ferrari-F40.

Even limited production of the XJ220 would not be possihie until the early 1990s. The XJ 220 was conceived originally as an exercise for 12 Jaguar designers and engi-neers wis volunteered to work

on the project in their own A large group of Jaguar component suppliers also collabo-rated on the development of the car, which was first con-

ceived more than three years

The four-wheel-drive system was jointly developed with Midlands-based PF Developments, while Park Sheet Metal. of Coventry fabricated the

body structure. One JaguarSport model also unveiled at the show, based on the XJ saloon, is going into production and will be sold through a limited number of specialist Jaguar Sport dealers set up within Jaguar's overall dealer network.

The saloon is the second JaguarSport model produced for sale since the company was set up.

JaguarSport is expected to produce annually up to 2,500 units of sporting versions of all Jaguar's existing cars. This would represent about 5

per cent of Jaguar's sales, which are forecast to rise by 10 per cent this year to 50,000, and to 55,000 in 1989.



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INDEPENDENT, 23/6/88

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FINANCIAL TIMES, 1/10/88



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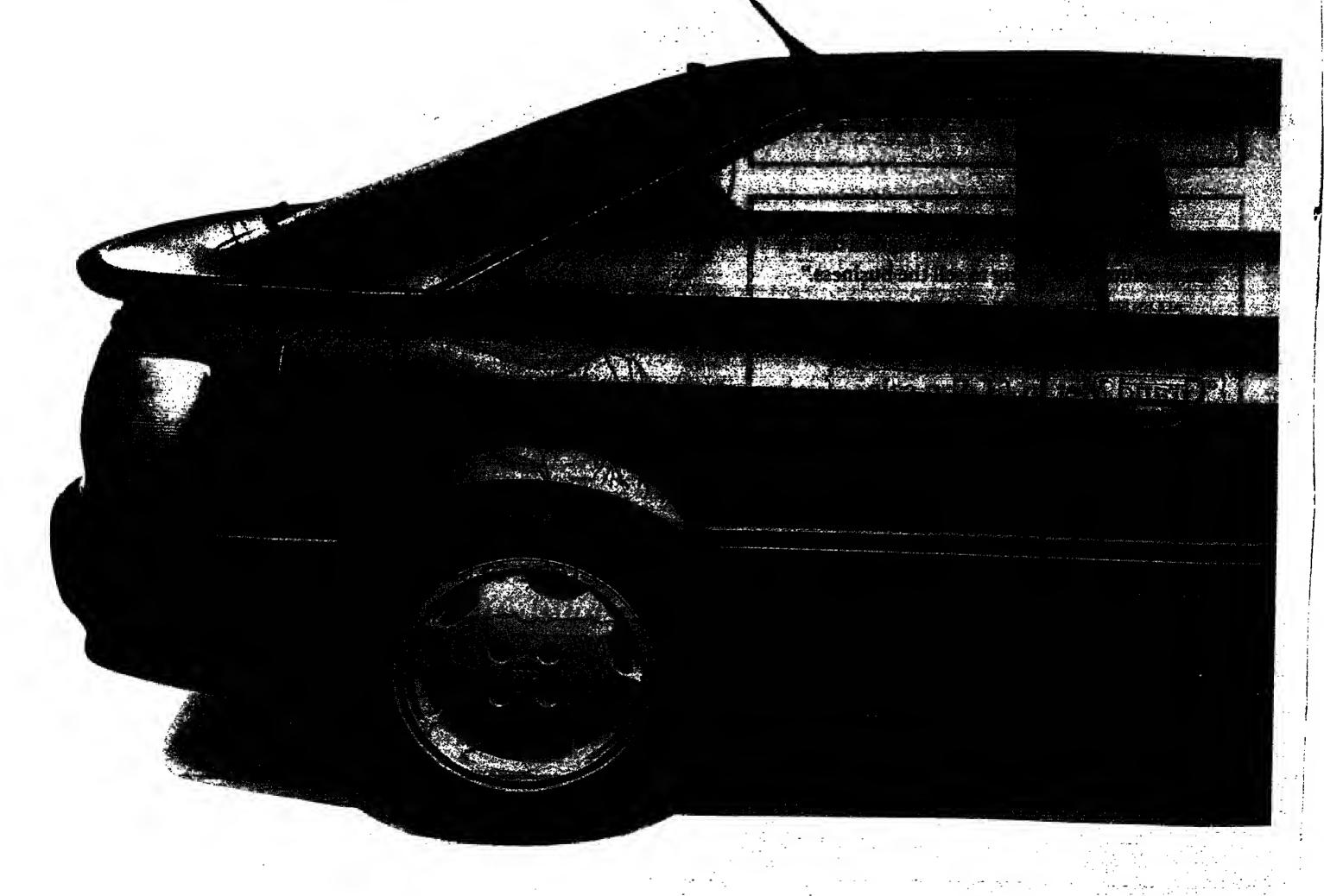
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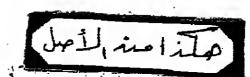
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FINANCIAL TIMES WEDNESDAY OCTOBER 19 1988

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THE NEW AUDI COUPE. VORSPRUNG DURCH TECHNIK.

lve years ago, Compaq Computer Corporation of Houston, Texas, announced the world's first portable personal computer that was able to run, witoout compromise, all the software written for IBM's

Success was rapid. With revenues of \$111.2m in its first rear, Compaq made the Fortune 500 list of North America's leading companies by 1956. Since those early days there has been intense interest in when Compaq would enter the market for battery-powered portable compoters, or lap-tops, an area offering great potential but which has so far

failed to fulfil expectations.

On Monday Compaq took that step with the "super laptop" SLT/286. Rod Canion. Compan's president and chief executive, described it at the launch as "the first batterypowered personal computer that puts true, up-to-date desktop PC capability in your lap." When Compaq introduced its first portable, it had the field virtually to itself. That has all

changed. There are now at least 18 manufacturers of IBM-compatible PCs and two dozen manufacturers of lap-top computers to contend with. Availahle lap-tops range from the Grid 1535 EXP, also launched this week, which uses Intel's fastest microprocessor (the 80/ 3%6) and costs \$7,500 to Sir Clive Sinclair's Z88 portable costing a few hundred pounds.

Thus Compac's claims to set a new standard in lap-top computing have to be seen in con-

Essentially Compaq set itself the target of providing all the functions of a desk-top PC in a machine small and light enough to be carried in one hand, which could operate for an adequate period on batteries alone. The machine is simed at travelling executives, field engineers, accountants, consultants and auditors.

Power is the key to lap-top computing. It is comparatively routine, these days, to pack significant computing power into a small footprint (the space taken np on the user's desk) using mains electricity as the power source. Toshiba of Japan, for example, offers a mains-powered portable intended chiefly for desk-top use which uses the very fast Intel 80'386 chip.

Some manufacturers aiready battery-powered machines which use the 80,386 chip but, according to Compaq, buttery life on one charge can be as little as 60 minutes. The new Compaq is evolu-

ficuary rather than revolutionary. It does not seem likely to Alan Cane examines Compaq's launch of its battery-powered SLT/286 portable computer

The battle of the lap-tops

initiate a new era in comput-ing, in which all executives carry a lap-top computer in their brief cases; but it does bring the power of a desk-top machine to executives and professionals working away from their offices without access to mains power.

Compaq says it has built a number of prototype lap-tops over the years but has never been satisfied with their performance. Only this year, it says, has the technology become available to create a lap-top computer without compromise: that is, with true IBM compati-bility, with keyboard, screen and operating speed in no way inferior to a desk-top machine, and with storage — both fast RAM and slower disk — also

up to desk-top standard.
The SLT/386 weighs just over 14 lb and is four inches high by 13.5 in wide and 8.5 in deep. The keyboard is detachable and the system can be used comfortably on an aircraft

In the office, the computer can be clipped into a desk-top pod or expansion base, which allows the installation of industry standard expansion boards for special applications and provides mains power to

The heart of the computer is

Processor

Display Graphics

Weight Cost

Fact memory

Operating system

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an enhanced nickel-cadmium battery pack, designed and built by Sony of Japan. In ordinary use, Compaq claims, the battery will last for more than three hours. It is possible to recharge the hattery completely in less than three

Compaq has developed software which manages the use of power by the computer, turning off systems which are not in use and extending the time the system will run on one battery charge. According to Gary Stimac, vice president for systems engineering, the power management software extends the operating life three-

The central microprocessor, as the name of the computer suggests, is Intel's 80/286 fabricated in CMOS technology. which combines speed with low power consumption. According to Compaq, this is the first year that a CMOS 286 has been available. It runs at 12m "ticks" a second.

Intel's fastest microprocessor, the 80/386, is available in CMOS technology but is still so power hungry that Compaq ruled it out as a possible chip for a lap-top.

The display is the most obviously outstanding feature of the SLT/286. It uses liquid crys-

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MS/DOS, OS/2,

3.6m bytes

VGA

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Power supply ———————————————————————————————————			
1-megabyte			
System board	$ $ \geq		
Enhanced NiCad battery pack			20-or-40- megabyte fixed deat drive
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Power -			
on LED		AM.	Dealers
			Low bessey
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Embedded numeric keyboard			Dave 2 LED Dave 1 LED
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tal technology to achieve low board surface to save space power consumption and com-pectness (cathode ray tube dis-plays are clear and cheap but The floppy disk drive is Jap-enese, the hard disk built by Connor Peripherals, a US drive bulky; electroluminescent dismaker in which Compaq has a plays are clear but expensive significant financial interest.

and demand a lot of power).
Technically described as
"compensated supertwist", the The new display is Japanese but Michael Swaveley, vice president for sales and marketscreen is backlit for clarity and ing, is unwilling, for the features more than 300,600 individual points (or pixels). The combination of processor moment, to name the source. It has only just become available and this has been the principal speed and screen definition constraint on manufacture of means that Compaq can offer what is known as VGA graphics, the highest quality available in personal computing. the lap-top. He does not want competitors cornering any of Obviously the picture is presented in shades of grey, but the

The SLT/288 runs MS/DOS, OS/2 or Xenix operating systems and can use any of the vest library of programs which run on IBM-style PCs.

Canion says: "In designing the SLT/286, we simply refused to make the trade-offs that have limited the convenience and usefulness of other lap-top

Will Compan's customers be satisfied after their long wait? If their criteria are engineering excellence and the ability to work in the field as if they were still at their desks, they

The SLT/286 costs \$3,395 (30) Mbyte) or 53,865 (40 Mbyte) in 003-009-00585-7, \$7.

A place in space for US industry

US DODUSTRY has a high level of interest in the idea of orbiting resourch and manufactur-ing operations, according to the US Commerce Department.

"The demand is sufficient to support reliable, low-cost facilities" for space manufacturing in the next few decades, it concindes in a report" on the com-mercialisation of space.

The report finds that compa-nies are particularly interested in using space-based facilities to turn out new types of material. The conditions of vacuum and low-gravity may enable engineers to produce very pure forms of crystals and to achieve a purer separation of chemicals those on earth.

Activities that might lend themselves to space pintforms, which could be manned or crewless, include production of drugs and other biological materials and development of movel alloys and semiconduc-tor products.

Several US companies, including Spacekab and Space Industries, are considering the construction of space pintforms which could house either low-gravity studies or manufacturing operations.

These modules could be lifted into orbit in the 1990s by the space shuttle fleet and operate alongside the large, permanently manned space station which the US pleas to

OR combanies extransition an interest in space projects include Grammen and Boeing, in acrospace, and Merck and the US substidiary of Wellcome of Britain, in pharmaceuticals.
As a prelude to working in space 3M, IBM, Ford Aerospace and McDonnell Douglas have formed a space constant-

Outside the US, interest in the idea of orbiting workshops is particularly high in West Germany and Japan. West Germany has a consortium, known as Intespace, which includes Messerschmitt-Bölkow-Biolog and Dornier.

* Space Communic An Indus-try Assessment, Department of Communic, Washington DC 20238, report stock number

Biotechnology in the supermarket

By Clive Cookson

FRESHNESS indicators that change colour as food gets stale, a "salmonella dipatick" to replace complex tests for food-poisoning becteria, and the grading of fruit and vegetsbles in terms of taste rather than just size and shape.

These are three of the many potential applications of hio-technology in the £40bn UK food market, according to a study commissioned by the Department of Trade and Industry. The report, by Prospect Management Services (PMS), an industrial consultancy, is intended to tell financiers and commercial managements. ciers and commercial managers of the scope for diversification and product improvement through applying baotechnology in the food and agriculture sectors.

Many applications are ripe for small compenies and need not cost millions of pounds, the report says. One example — the development of a quick enzyme-based sensor for B vitamins in food — could be developed within a year for only \$10,000.

All the food, plant and animal applications in the report are opportunities for UK companies to exploit the latest British research. Government bodies spend £20m a year on biotechnology research.

However, many of the commercial opportunities offered by biotechnology have already by hotechnology have already been taken up in the human and animal health sectors, the report says. "In some areas the opportunity for newcomers to invest is already limited, even if novel products in that area are not on the market." For example, many parts of the Agriculture and Food Research Council's research programme into animal disease treatment and prevention are already oovered by general agreements with international pharmaceutical companies.

"But in the food arena this is not yet so," the report says.
"As the technology and its commercial application gather pace, this is bound to change. The window of opportunity is likely to be short-lived, which have not that notice, when he means that action should be taken now. If prior experience in other areas is anything to go by, later could be too late." The 40 specific business

opportunities snggested by

 A freshness indicator for individual packs of supermarket food. It would have a sensor with a membrane sensitive to specific biological molecules, which would detect the "spoil-age organisms" that build up when fresh food begins to go off – and change colour. This litmus test visible to the consumer on fitness for consumption" would be far more precise than the standard "sell by" and best before" dates. The report estimates that a suitable sensor could be developed within two years for £150,000.

An instant kit to detect salmonella in food. Conventional microbiological testing for food poisoning bacteria takes four days. This could be replaced within two years by a light-based (chemituminescent) kit, which would give an immediate and accurate indication of the number of bacteria present. "It is not hard to envisage its daily use in 500 UK food facto-ries," the report says. An even simpler "salmonella dipstick". which could be used for routine checking by untrained staff, could be developed in four or five years.

· Grading fruit and vegetables by quality and flavour. A three-year research and development programme, costing £250,000, could produce a technique for analysing the natural acids and sugars in a tiny sample of juice. This would show whether the fruit or vegetable is ripe and how good it tastes.

 Developing micro-organisms which extend the shelf life of fresh foods. Some microbes excrete substances which are highly toxic to the organisms responsible for food spoilage (notably bacteria which produce lactic acid). The idea is to identify the genes responsible for these toxic substances, insert them into other organ isms which are acceptable in food, and then treat fresh food with the resulting compound so as to retard spoilage natu-

* Biotechnology for Business-men - Opportunities in the Food and Agricultural Sectors. PMS, Prospect House, Copt Hewick, Ripon, North Yorks HG4 5DB, £25.

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liquid crystal displays may be

available in three years or so. The company has made pow-

erful use of ASICs (application

specific integrated circuits) to

reduce the number of chips in

the system to five. The entire

processing circuitry - 35-inch hard disk drive of 20 or 40

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floppy disk drive and up to 3.6

megahytes of fast storage - is

built on to a single printed chr-

cult board. There is extensive

use of "surface mount" tech-

nology, where naked chips are

soldered to contacts on the

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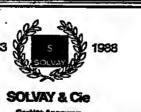
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Siemens is the only European manufacturer of 1 Megabit DRAMs, yet development is well advanced for the next generation of the memory – a 4 Megabit device involving even smaller scales of integration. This chip – with sufficient capacity to store an average-sized novel – will be in production by next year.

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he way David Fyle describes it, his company's new French joint venture has been a nightmare to manage for most of the time since it was established in January. Until last month it had no chief executive, and not a single functional director. Nor was there a clear delineation of responsibility at lower levels. "It was impossible to pin the ultimate responsibility on

anyone," he says. Since the joint venture will account for over 40 per cent of this year's probable £50m sales by MTM. the Teesside chemical company where Fyfe became managing direc-tor in May, there would seem to have been quite a problem.

Fyfe has certainly felt frustrated, as has the company's founder and executive chairman, Richard Lines, who normally prides himself on much faster decision taking than is usual in the chemical industry. But, with a more effective management structure for the venture just installed, they now see the difficulties as the gathering of good experience. And they continue to hold a very positive view of their much larger partner, the state-owned CdF Chimie (which has just been rechristened Orkem).

This is not the first time MTM has stumbled over a burdle in its dash into the continental European market. Three years ago, when it was barely known there, it had to deal with what Lines calls a "neardisaster" caused by excessive pricecutting on the part of over-enthusiastic new agents. It has since progressed much further down what lanes calls "the learning curve of bow to use agents".

MTM began manufacturing only five years ago, having started life as a management consultancy. Yet it now sells its intermediate chemicals to leading manufacturers of pharmaceuticals and to makers of other chemical products in 40 countries worldwide - over two thirds of its turnover is now outside the UK.

MTM initiated the French joint venture because it had built up £12m of exports to continental Europe and needed at least onc local production site in order to improve customer service and reduce its currency exposure. "I don't think we could have set up manufacturing on our own because we wouldn't have had the human resources to do it," says Lines.

MTM did make an acquisition at the same time in Italy, but this was much smaller and MTM's existing team of specialist engineers, financial staff and general managers was sufficient to plug the Italian com-pany's gaps. MTM is now looking for either acquisitions or (more probably) joint ventures in West Germany and Spain.

MTM was founded in 1979 when Lines gave up his job as a market ing manager at ICI. Britain's leading chemicals multinational; he established it jointly with a friend Manufacturing partnerships

Striving to develop the right chemistry

Christopher Lorenz continues his series on companies in the north-east of England by examining the chequered Continental experience of MTM, a rapidly growing chemicals manufacturer which this year formed a joint venture in France

MEDIUM-SIZED COMPANIES



The European challenge

who worked for Magna, a US chemicals company (and who retired last year because of ill health). In 1986 MTM went public on the London stock exchange, having grown unusually quickly through both internal expansion and a set of acquisitions, mostly in the UK but aiso in America.

Lines certainly has the sort of big-company ambitions which are common among entrepreneurs in America, but relatively rare in Europe; he talks of MTM growing at least five-fold over the next three or four years, to between £300m and £400m of sales.

Unlike most companies of similar age, MTM already has experience of joint ventures, having operated sev-eral of them successfully with ICI (which has since, in effect, exchanged these for a 20 per cent holding in the thoroughly independent MTM).

MTM is also unusual in having gone international in a big way right from its birth as a manufac-turer. For the first couple of years it concentrated mainly on America and the Far East, parily because there was no language barrier and parily because prices were better than in continental Europe.

On the continent, the company relied initially on agents. As many young companies have discovered to their cost, "the big ones weren't interested, while the small fry were

not very effective," recalls Lines.
It was while expanding his agency network in early 1965 that
Lines made a move he soon regretted. Short of home-based staff with foreign languages, he hired several continental agents who were good linguists. Only nine months later he had to part company from them when he discovered they had reduced prices so sharply in order to win business that two German chemical majors were angered into an even more vicious bout of price-cutting, that would have driven MTM from the market if it had con-

The problem was that they didn't realise the full market ramifications of what they were doing," says Lines. They weren't able to say I won't supply at that price'.

So why did MTM hire them? Partly because Lines overestimated their experience, and partly because at the time we were having prob-lems recruiting people of sufficient quality because of our size," explains Bill Harvey, who now heads a central MTM unit which supplies specialist expertise to MTM's various companies as required.

Once that histus had been resolved, MTM abandoned its previous general agency arrangements and switched to a series of specific agents for particular products, reinforced with direct selling by MTM personnel travelling from the UK. "Other medium-sized UK chem-ical companies haven't taken this approach - of sending 'their man' abroad accompanied by the local

agent," claims Harvey.

The new approach paid off, by the end of 1986 MTM was doing 27m of exports a year on the continent almost half its total export sales, against only £2.5m a year earlier. By then Lines had started to con-centrate sales efforts on particular large companies right across the continent. We were learning not to be chunsy, not to be perceived as a marginal seller," says Lines.
The decision to seek a joint ven-

ture in the heart of the continent came late in 1986, as exports were rising towards the 212m mark. Even before MTM's profitability began to suffer from currency movements in early 1987, Lines and his colleagues knew from their big company experience that it would be dangerous to continue relying just on direct

in MTM's business of intermediate chemicals, there is an unusually long list of ressons, spart from currency exposure, for establishing local manufacture - even at such an early stage in a company's life:

First and foremost, it is obvionsly dangerous to rely on feed-



Dr David Pyle (left) and Richard Lines; Difficulties were seen as the gathering of good experience

order to manufacture in another, and then sell in a third. "Wherever possible one should incur costs, make, and sell largely in the same currency," argues lines.

• Parochistian. "Most chemical

companies (MTM's customers) pre-fer local purchasing," says David Fyfe. "People prefer to deal with others who speak the same language and share their culture."

Just in time manufacturing. "A lot of customers insist on stock being within one day's travel," says Bill Hervey. "They want to be able to make an order for delivery the

following morning. • In those parts of its business which use recycled waste products from the customers' processes (for instance, in peniciHin manufacture), MIM has no aconomic choice but to make locally. Safety. "Chemicals are not some-

thing you want to stick in someone eise's watchouse," says Lines.

• Closeness to the customer. The ability to understand customers. irements is obviously enimoced by being on the spot.
Given the scale of manufacture

that MIM had in mind, a greenfield. venture into the already crowded continental industry was a non-

stocks billed in one carrency in starter. So was a sizeable acquisition; not only was MTM too small but there was no smitable candidate

To prepare the ground for a joint venture, Lines and his colleagues spent neach of early 1987 telking to the most suitable companies in the same sort of product assess as Mar-chem, the largest company in the MIM group. The choice came down in Cif Chinde and a Belgism com-pany, which ruled itself out by insisting that it would prefer to buy Marchem outright.

Having used his KI custacts to get in to see the head of CdF, Lines spent months negotiating, even after he lad personled the French side to abandon its own luitiel reac-

tion of offering to buy Marchan.

To some extent the operations of Marchest were complementary to those of the relevant part of CdF, a facility which makes organic intermediates at Leison, near Lille in northern France. But there was also miy of overlap, leaving room for

rationalisation.
Though MTM was marginally the larger — its side of the venture had sales of Elim, against the Garmit's 115m - It was definite junior partner in practice. In order to secure the dead, Lines was forced to concede CdF a call option to buy

MIM's share of the joint venture for three years from January 1991.

A is typical of Lines's entrepreneurial attitude that he seems

suffied by this apparent threat to ids main European cash cow. We had no choice but to do it that way, because CAP was transported for the control of the control se CdF was unsure of us as a sell company," he says. "If they were to want to exercise the option, it would become obvious

early on - and by then the venture would be accounting for only a if proportion of our group sales. So we could either shift manufacture elsewhere, or move out of that product range into something else," iss cisizes. MTM would certainly have made a solid capital gain out

Lines is more concerned about the slowness with which the ven-ture has got off the ground this year. So is David Fyfe, who was raited — also from ICI — earlier in the year to take over an onerous

The venture's original structure was omtainly more statesmanlike then effective. A supervisory board of two top mainteers from either side set shows a management com-mittee of three from each side, all of these part-time, There was no managing director. Says Lines: "We asked who's the boss?, but we conceded the arrangement because the other side wanted it."

The two previous units continued to trade successfully, but not as a

properly married couple.

When Fyfe arrived at MTM at the beginning of May, he found there was no really co-ordinated market-ing policy, that most of the logistics of supply, manufacture, and delivery had yet to be sorted out, that the expected transfer of French production know-how had not yet started, and that it was not even clear where responsibility lay for deciding a wage settlement due at the UK site the same month.

It took from then until early August, and a string of meetings on both sides of the Channel, to agree a complete revamp of the structure, with a stand-alone board of two full-time executives from each side. One of them, an MTM man who speaks good French, has been appointed managing director under the new arrangement which took effect last month. His French deputy speaks good English. But there have still been awkward compromises: for example, the management will be peripatetic, rather than all being located on one side of the Channel

The slowness in settling matters was not CdF's fault, nor was it caused by any difficulty in Franco-British relations, stress Fyfe and Lines. Rather, it was something endemic to any large company_the other side was not always really empowered to negotiate, although we were," says Lines.

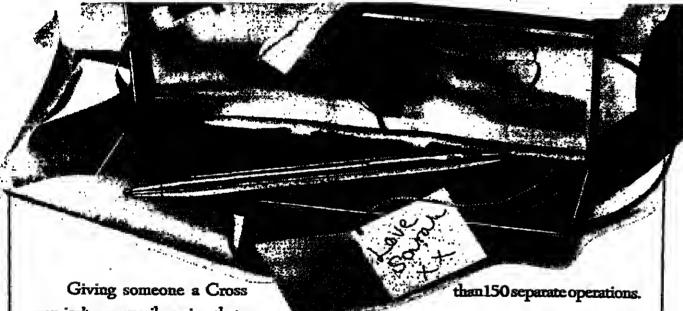
"Getting to the position where both sides in a venture have the same overt and covert objectives

always takes time," adds Fyfe.
The various remaining marketplace conflicts between the two partners are in the process of being resolved, though in certain markets dual distribution channels will be maintained, at least for a time, each handling relations with particular established customers.

Curiously, the partners have not managed to agree on a common brand name for all the venture's activities; it will be Norscochem for most products, but Norsochimie for

the French peroxides business. In spite of all the teething trou-bles, MTM is still keen to use joint ventures with substantial partners in order to secure manufacturing bases in North Germany and Spain. "Then we'll have covered Europe as far as production and supply are concerned," says Lines. That will help put MTM in a position where it can at least dual-source across the world. "We intend to get things so we can play games with sourcing," Lines declares.

Sooken like the chairman of a true multinational. Previous articles in this series appeared on October 12 and October The next will appear on October



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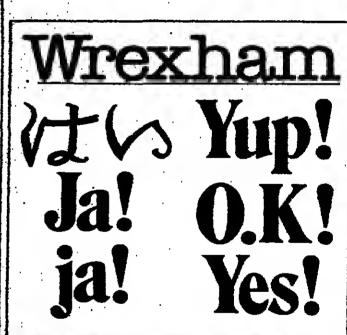
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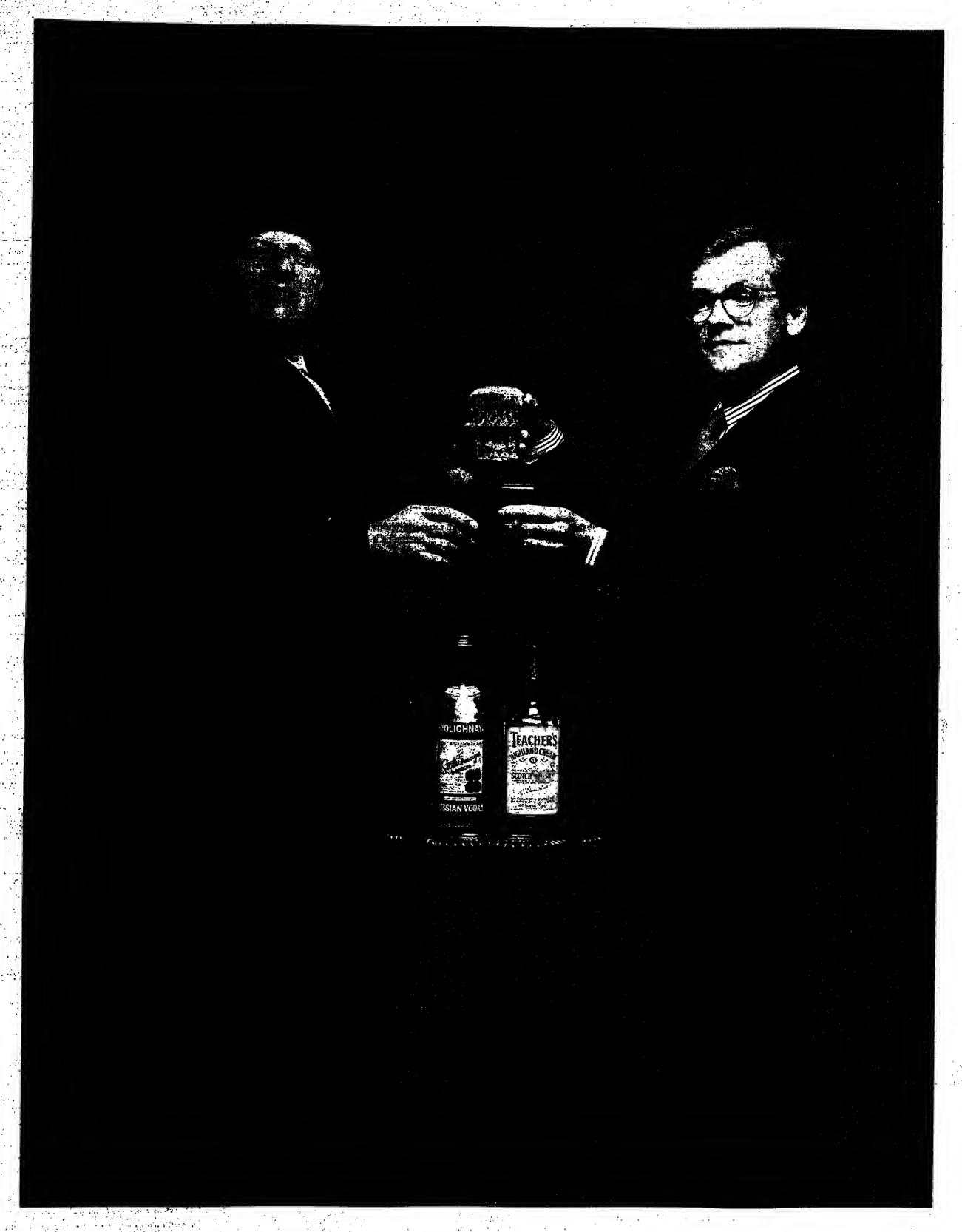
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Players v workers • Latest pay indicators

By Michael Dixon

Alas, regardless of their doom, The little victims play! THOSE lines by Thomas Gray have been sent by Bill Ward of Derby in reply to a question the Jobs column asked eight weeks ago. The question was why so many people, particularly those in management, now use the word players — as in: "Wa've recruited some good players recently" — when what they are specifically referring to is workers?

Since the 34 readers who responded included four nationals of Continental countries as well as three from the United States, it seems that the odd usage is not confined to the English tongue. But only 12 of them endorsed my theory that the origin of the oddity, which I've most often heard spoken by City bankers and such, is the use of the word "players" in the sense of "gamblers". Mr Ward is alone, though,

seeing still more chilling implications in the usage. He suggests it has similarities to the portraits that people once had painted of themselves in shrouds to remind them they must die. In short, those who call workers "players" are implying, as did Gray, that the persons so referred to are of little ultimate importance.

Despite the ingenuity of that claim, I doubt it can be may be on the board true. After all, I have heard although doing the same

several top managers refer to themselves as "players" and none gave the slightest sign of thinking they were less than supremely important, at

a modest estimate. Indeed, most readers who replied saw nothing odd in the usage at all. It simply meant someone operating as part of a team rather than individually. Hadn't the Jobs column ever heard of "team-play", three of them asked. The answer is that I have. But have they never heard of

Kewards

NOW to the table alongside indicating the pay of various types of managers in Britain as shown by the latest of the Reward consultancy's twiceyearly surveys. It is based on data from 800 companies of assorted sizes and kinds throughout the land, and anyone wanting full details of the study should contact the consultancy at Reward House, Diamond Way, Stone Business Park, Stone, Staffs ST15 OSD; tel 0785 813566, fax 0785 817007.

While the table refers to 18 types of executives, all are of similar seniority. They are the managers immediately below director, except in small companies where they

UPPER QUARTELE LOWER QUARTILE MEDIAN Total Total Basic (Total **Total** Basic MONEY Rank One - Most senior mone mone year salary reward salary salary TOWARD. earlier) manager below level Σ of director* in: 3 25,347 33,000 35,000 21,780 20,987 27,250 (25,000) (25,500) 21,374 23,360 21,398 25,000 24,500 22,451 25,855 28,212 30.000 (21,750)20,000 Finance and accounting 25,946 30,000 26,572 18,975 19,775 (20.000) Administration 31,006 Advertising & PR 23,000 20,450 22,921 Company secretariat Surveying/architecture 24,000 25,000 (21,245) (22,400) 29,000 20,000 17,500 18,771 18,913 24,000 26,224 17,500 (16,908) 24,000 26,852 18,500 18,684 16,831 22,077 21,000 23,022 21,000 (20,450) (19,825) (21,090) (20,750) Computing Distribution & transpor 24,501 25,877 17,600 18,390 19,981 19,425 17,250 18,284 18,051 18,024 24,144 28,305 20,000 20,300 (18,912) 23,825 Engineering 27,062 27,000 22,158 22,844 22,436 23,250 (17,782) (21,000) (19,960) (18,785) (21,495) (20,784) 18,193 Management services 27,950 19,500 19,000 21,500 22,500 25,019 26,000 Personnel 19,040 20,060 22,575 23,510 23,509 24,000 19,853 (17,758)(18,077) 16,513 Production 20,266 19,570 (19,050) (18,000) (19,218) (18,281) Purchasing 17,633 19,120 22,155 22,903 16.959 Quality at 18,000 21,750 (19,300) (20,000)24,800 25,700 (20,459) (23,096) 18,495 19,164 21,065 22,500 (19,234)25 007 27,000 (22,665) (23,773) 28,707 29,500 22,995 23,310 19.378 19,968 (23,805) 30,625 23,202 26,967 27,000 30,625 Legal advice 22.574 All Rank-One managers 18,250 21,614 (19,824) 25,948

In small companies could rank as director, otherwise reporting directly to board-member.

level of work. The first two columns of figures give the basic salary then the total pay received in cash — salary plus bonuses and the like — of the lower quartile manager. That is the one who would be a quarter way up from the foot of a ranking of all of similar seniority in the same type of

management. The next four columns refer to the median manager half-way in the ranking. First we have the basic salaries and the total money rewards as shown by the most recent survey, followed in brackets by the median figures from the survey 12 months earlier. Then come the latest salaries

and total cash rewards of the upper quartile executive a quarter of the way down from the top of the ranking. Anyone wishing to use the table to make comparisons should bear in mind that it relates to companies of all sizes in all regions of Britain, and shows pay levels as at July 1. To bring the figures

up to date, the whole lot need to be raised by 1.9 per cent. Regional variances on the overall median basic salary of £21,614 were: Higher — London by 15.7 per cent. Scotland by 9.7, and South-esst England by 2.5 ner cent. east England by 2.5 per cent.

Lower - North-west England
by 3.7 per cent, North-east by
7.5, Eastern counties by 9.3, South-west by 10.2, and West Midlands by 13.0 per cent. Variances from the £21,614

median by company furnover were: Higher — £100m-plus by 20.3 per cent, and £40m-£100m by 10.5. Lower — £15m-£40m by 0.9 per cent, £5m-£15m by 9.2, and up to £5m by 12.1 per cent.

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Die beschtlichen Perspektiven erkennen Sie. Wir auchen den tüchtigen und selbständigen Manager mit dem Abschluß Dr.-Ing./

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Beide Funktionen besetzt ein weitbekanntes und traditionsreiches Unternehmen mit merktführendem Anzeil von Qualitäts-Produkten. Der Firmenverbund ist kemgesund und intelligent diversifiziert, die Zukunftspiline sind beschtlich. Der Erfolg liegt auch in den "kurzen Wegen", der Offenheit im genzen Hause und der Vertrauensbesis im Führungskreis.

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Wir wissen, daß man sich in der überschauberen Branche kennt. Ihre Bewerbung ist über uns vofikommen risikolos, selbst dann, wenn Sie sich bei Ihrem eigenen Hause bewerben würden. Deshalb können Sie vertrauensvoll Kontakt zu uns aufnehmen. Wir sichern Ihnen die notwendige Diskretion zu. Sie können uns aber auch gleich Ihre Unterlagen (Foto, tab. Lebenslauf, Zeugniskopien, Gehaltsvorstellung, Eintrittstermin, Tel.-Nr.) unter der jeweiligen Kannzahl zuschscken.



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The role will encompass market research, marketing support, the detailed analysis of credit applications and the review of documentation. In addition there will be substantial involvement in the structuring of complex cross border, large unit asset finance

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Please contact Jill Backhouse -Associate Director, Leasing & Asset Finance Division.

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Please write giving full details, these will be forwarded direct to our dient. Please list separately any companies to whom your applications should not be sent. David Dodd, Ref: 17585.



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With a major Japanese Bank

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The more senior role presents a challenge for someone, with proven skills in project finance, to provide leadership and direction, whilst making a major contribution to the objectives of the Bank, in this successful and supportive environment. The second position invites a specialist in UK property finance to contribute at a strategic level to the development of this rapidly growing area of

Ideally, aged between 30-35 years for the senior position and 25-30 years for the property finance role,

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An attractive remuneration package is offered to successful candidates. To apply, please write in confidence with full career details, or telephone, Caroline Humphreys of Cripps, Sears & Partners Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone: 01-404 5701. Fax: 01-242 0515.

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We are seeking an International Equity Trader with dealing experience in Continential European markets.

Applicants should have a minimum of 2 years experience. The compensation will be competitive and will reflect the importance of the position.

All candidates should reply is strict confidence to:

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You will be responsible for the day to day running of a substantial UK equity portfolio. In addition, you will also assist the Pensions Finance Manager in the broader aspects of investment management,

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Roberts, Pensions Finance Manager, T&N plc, Bowdon House; Ashburton Road West, Trafford Park. Manchester M17 1RA. Or for an informal discussion, telephone Mr Roberts on 061 872 0155.



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SALES
GERMAN National or fluent German to sell Eurobonds/Fixed Income to Germany. Must have Eurobond Sales experience. International House offers excellent package for qualified person. Please quote reference DF/421.

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Candidates possessing the appropriate qualifications, skills and experience should write in confidence to: T G West, Managing Director, (Ref: 510), Associates in Adventising, Columbia House, 69 Aktwych, London WC2B 4DX. Please state in your covering letter any company to which your application may not be sent.



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You will be joining a well established analytical team at one of the world's leading international securities firms.

Suitably qualified candidates will have a quantitative degree, be capable of providing computer assisted analysis and have highly developed communications skills. An understanding of Modern Portfolio Theory and option valuation methodologies, gained from actual work experience, is essential; an MBA is an advantage but not a requirement.

We offer a generous package including an attractive salary and a full range of fringe benefits. Interested candidates should send a letter and full career details to Pandit Crite, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W OSB.

Salomon Brothers International Limited

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One of the world's leading investment bonks is seeking a senior analyst to take responsibility for developing a new research product covering the international band markets. This praduct will camplement the wark of our highly-respected economics and financial strategies departments, and is intended to assist international fund managers in developing their bond strategy.

Although lacated in Landan, the successful candidate will be expected to travel widely, warking with our band departments in the United States and the Far East as well as in Eurape. Experience in the fixed incame markets, either as on analyst or fund manager is essential, and same training in ar knawledge of ecanomics would be helpful. Candidates with relevant experience from the public sector or central banks will be considered.

Remuneration will be competitive and scope for odvancement within the firm is considerable.

Please opply with full curriculum vitae to:-

Jockie Watson, Personnel Associate, Goldmon Sochs International Limited. 5 Old Bailey, London EC4M 7AH,



Managing Director

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A substantial West Country Snancial institution with a strong customer base has adopted a strategy of growth and diversification. We are tooking for a new Managing Director who can implement this strategy and build profits and maket share.

Foroused condictores will be formitten with relati financial operations and have managed of Board level. More importantly they must have a credible vision of the tuture of the financial seniors industry and demonstrate a capability to lead the institution into a significant position. Experience of the merchant banking, the assurance or unit hust sectors may be policularly useful. Age range will be 40s or easy 50s.

Send CV in stict confidence to Humphray Sturt quoting ference HS767, Coopers & Lybrand Executive Resourcing timiled, 66 Queen Square, Bristol BSI 4JP;

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HEAD OF EQUITY -UK AND EUROPE

WorldInvest is an independent investment management company majority owned by its management. Formerly known as BAIMIL, we have been in the investment management business since 1976. We are currently managing assets in excess of \$2.5 billion for US and UK pension funds, supranational institutions, insurance companies, endowments and trusts.

As part of our plans to penetrate further the UK and European pension fund markets we are seeking to recruit a high calibre fund manager to be the director in charge of equity for our UK and European business. Reporting to the Chairman the successful applicant will be responsible for the company's existing business in these sectors and will contribute to the expansion of the company's share of the UK and European markets.

Applicants will be graduates with at least 5 years experience gained with a major UK pension fund, investment house or insurance company. A belief in the top down approach to investment and a proven ability to manage funds globaly are essential requirements.

We offer a competitive remuneration package which includes share options, a company car, mortgage subsidy, non-contributory pension and health insurance.

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DYNAMIC

Our client is looking for two young Equity or Fixed Interest Salesmen who have the sophistication and hard cutting edge to excell in the European Market. The successful candidates will be currently working for a large International Securities House and have built up a substantial client base of European Institutions. Obviously the ability to speak one or more European languages would be an asset. If you fit the above description and are looking for the opportunity to write your own ticket in an expanding brokerage, contact Tim Giles on London 481 3188.

Europe House

World Trade Centre

SAL: 40k plus

London E1 9AA

LDCAssetTrader

Our client, one of the most respected and successful global debt swap players in the market, is looking for an asset trader to complement its existing, high-calibre team in London.

The chosen candidate will be a graduate/MBA in his/her mid to late 20s and of mature outlook. He/she will combine a minimum of 6 months front-line asset trading experience with approximately two years prior banking or industry experience. Fluency in at least one other European language will be a distinct advantage.

Candidates should be pro-active self-starters with the ability to establish strong inter-bank client relationships. Every opportunity will be given to the individual to specialise in a geographical area of his/her choice. Excellent technical skills including a clear understanding of all the leading LDC restructuring programmes are required.

The position provides a highly competitive salary and benefits package, including significant bonus potential. Prospects for further career advancement within the company are excellent.

For an informal discussion and/or further information, please telephone or write in absolute confidence to Neil Salt.



International Search and Selection 160 New Bond Street, London WIY 0HR Telephone: 01-409 1371

Corporate Finance

Cobbold Roach is the stockbroking division of the worldwide Elders Finance Group. This division is focussing on 3 main market sectors, private client broking through 8 regional offices, institutional broking based in the city and small company corporate finance.

Our current need is for an experienced Corporate Finance Manager with a significant track record of providing corporate finance advice to small companies. This can range from raising finance for capital expenditure, restructuring, mergers and acquisitions and placements.

This is a key role in a small department and it is essential that the successful applicant has the ability to increase our presence in this

Remuneration and benefits will reflect the importance of this position. Applications including a curriculum vitae should be forwarded to the Personnel Manager, UK/Europe, Elders Finance Group Limited, Greenly House, 40 Dukes Place, London EC3A 5BX.



ELDERS FINANCE GROUP LIMITED



HEAD OF LOANS AND

PO7 £20,694-£21,939 (Pay award pending)

The Loans and Investments Division is a small specialist team within the Finance Department responsible for managing the Council's capital resources, pension fund and other investments, cash and loan debt. The Head of Loans and Investment is a key third-tier post providing high-level and high-quality advice on:

* Capital Resources * Capital Financing Strategies * Creative Financing Solutions

* Investment and Borrowing

The council is a leading, innovative authority in developing investment, special finance and money market strategies to assist the achievement of the Council's Financial Strategy.

As a member of the Departmental Management Team you will be expected to contribute towards the management development of the Department and the achievement of its targets. You will be responsible for a division of 9 staff and should have the ability to manage and motivate the group whilst encouraging staff development and training.

You need the ability to advise on creative financing solutions and the ability to apply a detailed knowledge of local authority finance and resource issues.

We particularly welcome applications from women, black people or people with disabilities as they are currently under-represented at this level in this organisation.

The council offers interest free loans for travel season tickets and a scheme for relocation expenses.

Application forms and further details are available from London Borough of Hammersmith and Futham (Personnel), Town Hall Extension, King Street, Hammersmith, W6 9JU, telephone 01-741 0904 (24 hour answering service) quoting Ref. FFCLD 001 Closing date: 11th November.

We welcome applications whatever your gender, race, colour, ethnic origin, nationality, religious beliefs or practices, age (up to 65 years), or trade union activities and from people with disabilities, lesbians and gay men.

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WEST MIDLANDS ENTERPRISE BOARD LIMITED Venture & Development Capital

INVESTMENT EXECUTIVE £29,000 - £30,000

WMES is a regional development agency providing investment finance, training, economic and technical consultancy, technology transfer and other facilities for improving industrial performance in the West Midlands Region. The Board provides equity and long-term loan capital for developing unquoted business and, in addition to investing its own funds, manages a number of smaller venture capital funds and is joint manager with Lazard Investors of the £10m West Midlands Regional Unit Trust.

The Board wishes to reproit an additional investment Executive to join its team of seven people responsible for appraising new investments, negotiating appropriate financial packages, making recommendations to the Board of Directors and supervising legal implementate approved investments. He/she will also have responsibility for post-investment management of part of the portfolio.

Suitable applicants are likely to be educated to degree level or hold a professional qualification in accountancy or a similar discipline, with at least three years, industrial, merchant banking or venture capital experience post-qualification. Sound judgement of people and commercial opportunities is essential as is a keen interest in assisting the successful development of business in an agency which is not afraid to be "hands-on" when required and which sees itself as part of the local community.

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Excellent remuneration including significant performance related element.

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This is an exciting move forward for a high calibre individual with an entrepreneurial approach and a successful track record.

Contact Nigel Haworth.

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This is an important opportunity to join an expanding. City bank where you will

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Contact Norma Given.

HONG KONG MIDDLE EAST SINGAPORE

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No.1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266. Fax: 01-626 5258.

MONEY MARKETS DEALER

We are seeking a trader who is well-versed in UK domestic and Euro-currency markets and their allied instruments.

The successful candidate will ideally be 25-35 years old and have a minimum of three years experience in an active environment. The job description necessitates a practical working knowledge of FRA's, Interest Rate Futures and Options and Foreign Exchange Forward

This senior position, in a new and developing in London, will carry an attractive remuneration and benefits package.

Applications, including a detailed curriculum vitae, should be forwarded to Fiona Campbell, Personnel Officer, The Bank of Bermuda Representative Office, Minster House, 12 Arthur Street, London EC4R 9AB, telephone no. 01 623 5551

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Area: Theoretical and applied studies of economic development and trade, with special reference to the countries of Southesst Asia and the Pacific. Applicants must be strong in economic analysis, and who will enhance its work on macro-economic problems of Southesst Asia and the Pacific. A short statement of research plans to be sent with the application.

Qualifications: PhD or equivalent; evidence required of ability to conduct independent research; some publications in well-recognized journals essential.

Post: Full-time; primarily research, with possibility of some graduate teaching; available July 1989. Secondments from other Australian

Details: Before applying from the Registrar, or from the Appointme

Officer, Association of Commonwealth Universities, 36 Gordon Square, London WC1H OPF. Closing date: 30 November 1988

Ref. PA.6.10.2

SALARY: Postdoctoral Fellow Grade 1 (fixed point): A\$25,842 - A\$29,476 p.m.; Research Fellow; A\$29,842 - A\$38,932 p.m.; Senior Research Fellow; A\$41,342 - A\$49,145 p.m.
APPOINTMENT: Senior Research Fellow/Research Fellow up to three years, possibility of extension to five years; Postdoctoral Fellow normally two years, possibility of extension to three years. APPLICATIONS should be submitted in duplicate to the Registrar. The Australian National University, GPO Box 4, Cambetra ACT 2601, Australia, quoting reference number and including curriculum vitae, list of publications and names of at least three referees. The University reserves the right not to make an appointment or to appoint by invitation at any time.

THE UNIVERSITY IS AN EQUAL OPPORTUNITY EMPLOYER

MANAGER LEVERAGED FINANCE £35-£40,000

with a strong presence in the area of acquisition finance. Recent restructuring has led to the need to recruit an additional originating and closing a range of UK MBOs and Public Acquisitions. In addition to having substantial experience in these areas; candidates will ideally have gained some exposure to syndicated 25-35 with a high level of motivation and the ability to communicate at all levels.

Contact: Loretta Quigley

MANAGER PROPERTY FINANCE £30-£40,000

established reputation in most major financial markets, and now intends to build a significant property †nance business. We Account Manager to get involved in both are recruiting an experienced property specialist to control its existing business, leveraged transactions including LBOs, and to expand into new areas. As leader of a team you will be both responsible for the day to day activities of the marketing officers and support staff, and will also lead the business development strategy. With a leveraged lending. The successful firm commitment from the management candidate is likely to be aged between and extensive resources at your disposal this is an opportunity to test your marketing and managerial ability. Contact: Jocelyn Bolton

Please telephone 01-606 1706, or send a Curriculum Vitae to Anderson, Squires Ltd, Financial Recruitment Specialists, 127 Cheanside, London EC2V 6BU

Executive Division

Anderson, Squires

EXECUTIVE DIRECTOR

Aggressive and result oriented Executive Director required for Trading Division of fast growing multi-national group. The business involves sourcing of chemical raw materials for captive consumption in several overseas countries as well as profit oriented trading in industrial products with third parties worldwide. Experience of trading in Asia, Africa and the Far East in related items would be particularly appropriate. Location Romford, Essex.

Excellent career prospects, salary and conditions. Reply with C.V. in strict confidence to ;

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Publications PLC, Nestor House, Playhouse Yard, London EC4V

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L.Van Steen & Partners

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A PARTY OF THE PAR

European language is required.

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Send a detailed outline of your educational and professional background to L. VAN STEEN, who will handla your candidature in strictest confidence. No information will be divulged to our client without your prior permission.

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The successful applicant will take overall responsibility for our trust and company management services and will be required not only to implement and monitor internal systems but will also be responsible for marketing the Bank's services throughout the Bank's International Network overseas. Some international travel is anticipated.

A sound knowledge of UK tax will be required together with the ability to recognise potential problems and deal with them accordingly. Knowledge of US tax laws and investment management will be added advantages.

Experience of offshore trusts and their administration will be an advantage and all candidates should be able to demonstrate a strong track record in an investment banking or similar professional

The salary benefits and package will be set at a level to attract and motivate a proven performer who will have the opportunity to live on the Mediterranean coast.

Selected candidates will be invited to discuss this appointment at our London Branch.

Please send C V and application in own handwriting to: The Manager

Banque Indosnez P O Box 26

DSL Bank

Notice of Meeting

To the holders of the

U.S. \$100,000,000 81/2 per cent. Bonds Due 1996

DSL Bank Deutsche Siedlungs- und Landesrentenbank

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Bondholders") of the above-mentioned Bonds (the "Bonds") is convened by DSL Bank Deutsche Siedlungs- und Landesrentenbenk (the "Bank") and will be held at 3.30 p.m. on 11th November, 1988 at Woolgate House, Coleman Street, London EC2P 2HD for the purpose of considering and. If thought fit, passing the resolution set out below which will be proposed by the Bank as an Extraordinary Resolution in accordance with the provisions of the Agency Agreement dated 25th July, 1986 and made between the Bank. The Chase Manhattan Bank, N.A. (the "Principal Paying Agent") and others (the "Agency Agreement") relating to the Bonds.

"Principal Paying Agent") and others (the "Agency Agreement") relating to the Bonds.

The Resolution, it gassed, will modify the Terms and Conditions (the "Conditions") of the Bonds and the Agency Agreement by the insertion of an additional Condition pursuant to which the Bands may without the consent of the holders of the Bonds or the holders (the "Coupons of a substitution for the Bands as debtor under the Bonds and the Agency Agreement (as amended), effect the substitution for the Bank as debtor under the Bonds and the Coupons of a subsidiary of the Bank incorporated or established outside the Federal Republic of Germany and thereupon be released and discharged from its obligations and liabilities under the Bonds and the Coupons subject to the payment of generated or interest on, and any additional amounts required to be paid pursuant to the Conditions of the Bonds being either (a) transmittently and invocably guaranteed by the Bank in the terms to be required by the Agency Agreement or (b) secured by an assignment of, or a charge upon, a deposit with a branch of the Bank of an amount not being less than the aggregate principal amount of the Bonds outstanding (as defined in the Agency Agreement) to a frustree for the Bondholders in the terms to be required by the Agency Agreement, increasing including such additional Condition) will, subject as to be provided in the Agency Agreement, thereing apply to the substitute debtor as it references to "DSL Bank" therein were to such debtor as it references to the Federal Republic of Germany therein were to the country in which such debtor or the Couponholders, effect the substitution for such debtor of itself without the consent of the Bondholders or the Couponholders, effect the substitution for such debtor of itself without any guarantee or any security for the payment of the principal of, interest on, or any additional amounts required to be paid pursuant to the Conditions of, the Bonds.

Benchelders should note that, in connection with any substitution effected pursuant to the modified Conditions, the Bank will not be required to have regard to the consequences of any such substitution for individual Benchelders or Couparthelders resulting from their being for any purpose domicited or resident in, or otherwise connected with or subject to the junisdiction of, any particular termfory and no Bondholder or Couponholder will be entitled to claim from the Bank or any substituted debtor any indemnification or payment in respect of any tax or other consequence arising from such substitution.

Details of the background to, and the reasons for, the proposed Extraordinary Resolution are contained in an Explanatory Statement dated 13th October, 1988 (the "Explanatory Statement") prepared by the Bank, copies of which are available for collection by Bencholders at the specified effices of the Principal Paying Agent and the other Paying Agents (together, the "Agents"), the Transfer Agent and the Registrar for the Bends, the addresses of which are stated below. The Explanatory Statement also contains the text of the Conditions as they will be if the Extraordinary Resolution is passed, the procedures to be required by the Agency Agreement for any such substitution and the forms to be required by the Agency Agreement of any such guarantee or accompanies or haven.

The resolution to be proposed by the Bank at the Meeting is as follows:-

Extraordinary Resolution

"TiP4T this meeting of the holders of the U.S. \$100,000,000 8'4 per cent. Bonds Due 1996 (the "Bonds") of DSL Bank Deutsche Sediengs- und Landesrentenbank (the "Bank"), resued pursuant to an Agency Agreement (the "Agency Agreement") dated 29th July, 1986 and made between the Bank, The Chase Manhattan Bank, N.A. and others, hereby.

- (i) assents to the proposal by the Bank for modification of the provisions of the Terms and Conditions of the Bonds and the Agency Agreement proposed by the Bank and set out in the Explanatory Statement dated 19th October, 1988 and issued by the Bank, a copy of which is produced to this Meeting and installed by the Charman hereof for the purpose of identification;
- free cancillant every modification, abrogation, variation or compromise of, or amangement in respect of, the nights of the holders of the Bends and or the holders of the Coupons appartaining thereto against the Bank involved in or resulting from the passing of this Resolution, the modification referred to in paragraph (ii) of this Resolution, the execution of the Supplemental Agency Agreement referred to in paragraph (iii) of this Resolution and any substitution of debtor effected pursuant to, and in accordance with, such Terms and Candidons as so modified; and
- (...) cultimises the parties thereto to concur in and execute a Supplemental Agency Agreement in, or substantially in, the form of the draft deoduced to the Meeting and exitalled by the Chairman hereof for the purpose of identification and all such other documents and to do all such either acts and things, in each case, as may be necessary to carry out and give effect to this Extraordinary Resolution."

The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Overum" below.

Voting and Quorum

1. (a) Bearer Bonds A holder of Bonds in bearer form ("Bearer Bonds") wishing to attend and vote at the Meeting in person must relating to the Bonds, in respect of which he wishes to vote.

A holder of Searer Bonds not wishing to attend and vote at the Meeting in person may deliver his Bonds or voting certificates to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified office of any of the Agents the addresses of which are set out below) instructing an Agent to appoint a proxy to attend and vote at the Meeting in accordance with the voting instruction.

Bonds may be deposited with the Principal Paying Agent or any of the other Agents for the purpose of obtaining voting certificates or appointing proutes at any time until 48 hours before the time fixed for the Meeting, but not thereafter. For this purpose, Bonds held to the order of the Principal Paying Agent or under its control, in each case to the satisfaction of the Principal Paying Agent, in the Euro-Clear Clearance System or by CEDEL S.A. will be treated as being deposited with the Principal Paying Agent. Bonds so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting for which voting certificates and instructions will be valid) or upon the surrender to the Agent which issued the same of the voting certificates or, being not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, upon the surrender of the voting instruction recoipts issued in respect thereof and notice of such surrender being given by such Agent to the Bank.

A holder of Bonds in registered form ("Registered Bonds") wishing to attend and vote at the Meeting in person may do so whether or not be produces to the Chairman of the Meeting the Bonds of which he is the

A holder of Registered Bonds not wishing to attend and vote at the Meeting in person may by a form of proxy in the English language (obtainable from any of the Agents, the Transfer Agent or the Registrar at any of their specified offices set out below) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person as a proxy to act on his or its behalf in connection with the Meeting (or, if applicable, any adjourned such Meeting). To be valid a form of proxy (logather with the power of attorney (if any) or other authority under which it was executed or a notariality cartified copy of such power or authority) must be delivered to the specified office of the Registrar or the Transfer Agent not less than 45 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting).

Any holder of Registered Bonds which is a corporation may by resolution in the English language of its directors or other governing body authorize any person to act as its representative (hereinafier called a "representative") in connection with the Meeting (or, if applicable, any adjourned such Meeting).

- 2. The quorum required at the Meeting is two or more persons present in person holding Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than a clear majority of the principal amount of the Bonds for the time being outstanding. If within helf-an-hour from the time appointed for the Meeting e quorum is not present, the Meeting will be adjourned for such period, not being less than fourteen days nor more than forty-two days, as may be appointed by the Chairman. At least ten days' notice of such an adjourned Meeting will be given. The quorum at such an adjourned Meeting will be given. The quorum at such an adjourned Meeting will be two or more persons present in person each holding one or more Bonds or voting certificates or being a proxy or proxies (whatever the principal amount of the Bonds so held or represented), who shall have the power to pass the Extraordinary Resolution and to decide upon all matters which could properly have been dealt with at the Meeting should a quorum have been present at the Meeting.
- Geart with at the Meeting should a quorum have been present at the Meeting.

 3. Every question submitted to the Meeting or the adjourned Meeting will be decided by a show of hands unless a polit is demanded by the Chairman of the Meeting or by one or more persons present in person and holding one or more Bonds or voting certificates or being a proxy or prodes and holding or representing in the aggregate not less than one-liftigith of the principal amount of the Bonds then outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poli every person who is so present shall have one vote in respect of each U.S. \$5,000 principal amount of Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands a declaration by the Chairman of the Meeting that a resolution has been carried or carried by a particular majority will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. In the case of joint holders of a Registered Bond the vote of the senter who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of the holders of Registered Bonds in respect of the joint holding.
- 4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon or, if e polf is duty demanded, by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon at the Bondholders, whether present or not at such Meeting, and upon at the Couponholders, and each of the Bondholders and Couponholders will be bound to give effect thereto accordingly.

Availability of Documents

Copies of the Agency Agreement may be inspected, and copies of the Explanatory Statement, voting certificates and other documents referred to above may be obtained, by Bondholders at or from the specified offices of the Agents, the Transfer Agent or the Registrar the addresses of which are set out below.

Principal Paying Agent The Chase Manhattan Bank, N.A. Woolgate House Coleman Street London EC2P 2HD

Paying Agents

Chese Manhattan Bank Luxembourg S.A. 47 Boulevard Royal Luxembourg

DSL Bank Kennedyaliee 62-70 D-5300 Bonn 2 The Chase Marshattan Bank, N.A. 1 New York Plaza Chase Manhattan Bank New York, NY 10081 CH-1024 Geneva

Transfer Agent Chase Manhattan Bank Luxembourg S.A. 47 Boulevard Royal

Banque Bruxellea Lambert S.A. 24 Avenue Marnix

8-1050 Baussels

19th October, 1988

Berliner Handels- und Frankfurter Benk

Bockenheimer Landstrasse 10 D-6000 Frankfurt am Main

Registrar
The Chase Manhatten Bank, N.A.
Corporate Trust Department
1 New York Plaza
New York, NY10081

DSL Bank Deutsche Siedlungs- und Landesrentenbank.

DSL Bank

Notice of Meeting

To the holders of the

A\$50,000,000 1334% Notes Due 1990

DSL Bank Deutsche Siedlungs- und Landesrentenbank

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Noteholders") of the above-mentioned Notes (the "Notes") is convened by DSL Bank Deutsche Stedkungs- und Landesstatehenk (the "Bank") and will be held at 4.30 p.m. on 17th November, 1988 at Woolgate House, Coleman Street, London EC2P 2HD for the purpose of considering and, if thought fit, passing the resolutions set out below which will be proposed by the Senk as an Extraordinary Resolution in accordance with the provisions of the Agency Agreement dated 27th August, 1987 and stade between the Bank, The Chase Manhatan Bank, N.A. (the "Principal Psyling Agent") and others (the "Agency Agreement") relating to the Notes.

"Principal Paying Agent") and others (the "Agency Agreement") relating to the Notes and the Agency Agreement by the insertion of an exidational Conditions (the "Conditions") of the Notes and the Agency Agreement by the insertion of an exidational Condition pursuant to which the Benix may, without the consent of the holders of the Notes or the holders (the "Couponholders") of the coupons appertaining thereto (the "Couponholders"), but subject to compliance with the procedures therefor set out in the Agency Agreement (as amended), effect the substitution for the Benix as debtor under the Notes and the Coupons of a substitution for the Benix as debtor under the Notes and the Coupons subject to the payment of gains incorporated or established outside the Federal Republic of Germany and Remaupon be released and discharged from its obligations and liabilities under the Notes and the Coupons subject to the payment of principal of interest on, and any additional amounts sequend to be paid pursuant to the Conditions of, the Notes being either (a) unconditionally and invenceably guaranteed by the Bank in the terms to be required by the Agency Agreement or (b) secured by an assignment of, or a charge upon, a deposit with a branchof the Bank of an amount not being less than the aggragate principal amount of the Notes outstanding (as defined in the Agency Agreement) to a trustee for the Notesholders in the terms to be required by the Agency Agreement, thereuen apply to the substitute debtor as it reterences to "DSL Bank" therein were to such debtor and as it references to the Federal Republic of Germany thesein were to the country in which such debtor and as it references to the Federal Republic of Germany thesein were to the country in which such debtor of the Conditions of the Notes.

Noteholders should note the Principal of, interest on, or any additional amounts required to be paid pursuant to the Conditions of, the Notes.

Noteholders should note that, in connection with any substitution effected purastant to the modified Conditions, the Bank with not be required to have regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domoled or readent in, or otherwise connected with or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder will be entitled to claim from the Bank or any substituted debtor any indemnification or payment in respect of any tox or other consequence arising from such substitution.

Details of the background to, and the reasons for, the proposed Extraordinary Resolution are contained in an Explanatory Statement dated 19th October, 1988 (the "Explanatory Statement") propered by the Bank, copies of which are available for collection by Noteholders at the specified offices of the Principal Paying Agent and the other Paying Agents (together, the "Agents"), the Transfer Agent and the Registrar for the Notes, the addresses of which are stated below. The Explanatory Statement also contains the text of the Conditions as they will be if the Extraordinary Resolution is passed, the procedures to be required by the Agency Agreement for any such substitution and the terms to be required by the Agency Agreement of any such guarantee or assignment or change.

The resolution to be proposed by the Bank at the Meeting is as follows:-

Extraordinary Renolution

"THAT this meeting of the holders of the A\$50,000,000 13%% Notes Due 1990 (the "Notes") of DSL Back Deutsche Siedlungs- und Landesmelenbenk (the "Bank"), issued pursuant to an Agency Agreement (the "Agency Agreement") dated 27th August, 1987 and made between the Back, The Chase Manhettan Bank, N.A. and others, hereby:-

- assents to the proposal by the Bank for modification of the provisions of the Terms and Conditions of the Notes and the Agency Agreement proposed by the Bank and set cut in the Explanatory Statement detect. 19th October, 1968 and installed by the Bank, a copy of which is produced to this Meeting and installed by the Chairman hereof for the purpose of Identification;
- (ii) sanctions every modification, abrogation, varietion or compromise of, or arrangement in respect of, the nights of the holders of the Notes anxior the holders of the Coupons appartaining thereto against the Benk involved in or resulting from the passing of this Resolution, the modification reterred to in paragraph (ii) of this Resolution, the execution of the Supplemental Agency Agreement referred to in paragraph (iii) of this Resolution and any substitution of debior effected pursuant to, and in accordance with, such Times and Conditions as so modified; and
- (iii) authorises the parties thereto to concur in and execute a Supplemental Agency Agreement in, or substantially in, the form of the draft produced to the Meeting and installed by the Charman feeted for the purpose of identification and all such other documents and to do all such other acts and things, in each case, as may be necessary to carry out and give effect to the Extraordinary Resolution."

The attention of Noteholders is particularly drawn to the quantum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Noting and Quantum" below.

Voting and Quorum

 (e) Bearer Notes
 A holder of Notes in bearer form ("Bearer Notes") wishing to attend and sole at the Meeting in person must relating to the Notes, in respect of which he wil

A holder of Bearer Notes not wishing to attend and vote at the Meeting in person may deliver his Notes or voting certificates to the person whom he wishes to attend on his behalt or give a voting instruction (on a voting instruction form obtainable from the specified office of any of the Agents the addresses of which are set out below) instructing an Agent to appoint a proxy to attend and vote at the Meeting in accordance with the voting instruction.

Riches may be deposited with the Principal Paying Agent or any of the other Agents for the purpose of obtaining voting certificates or appointing prodes at any time until 4thours before the time shad for the Meeting, but not thereefac. For this purpose, Notes held to the order of the Principal Paying Agent or under its control, in each case to the substaction of the Principal Paying Agent, in the Euro-Clear Clearance System or by CEDEL S.A. will be treated as being deposited with the Principal Paying Agent. Notes so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting for which voting certificates and instructions will be valid) or upon the surrender to the Agent which issued the same of the voting certificates or, being not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, upon the surrender of the voting instruction receipts issued in respect thereof and notice of such surrender being given by such Agent to the Bank.

(b) Registered Notes: A holder of Notes in registered form ("Registered Notes") wishing to attend and vote at the Meeting in person may do so whether or not he produces to the Chairman of the Meeting the Notes of which he is the registered holder.

A holder of Registered Notes not wishing to attend and vote at the Meeting in person may by a form of proxy in the English language (obtainable from any of the Agents, the Transfer Agent or the Registrar at any of their specified offices set out below) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or e duly authorised officer of the corporation, appoint any person as a proxy to act on his or its behalf in commedion with the Meeting, (or, if applicable, any adjourned such Meeting). To be valid a form of proxy (together with the power of attorney (if any) or other authority under which it was executed or a notarially certified copy of such power or authority) must be delivered to the specified office of the Registrar or the Transfer Agent not less than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting).

Any holder of Registered Notes which is a corporation may by resolution in the English language of its directors or other governing body authorise any person to act as its respresentative (hereinster called a "representative") in connection with the Meeting (or, if applicable, any adjourned such Meeting).

- 2. The quorum required at the Meeting is two or more persons present in person holding Notes or voting certificates or being prodes or representatives and holding or representing in the aggregate not less than a clear majority of the principal amount of the Notes for the time being outstanding. If within half-an-hour from the time appointed for the Meeting a quorum is not present, the Meeting will be adjourned for such period, not being less than fourteen days nor more than forty-two days, as may be appointed by the Chairman. At least ten days' notice of such an adjourned Meeting will be given. The quorum at such an adjourned Meeting will be two or more persons present in person each holding one or more Notes or voting certificates or being a proxy or prodes (whatever the principal amount of the Notes so held or represented), who shall have the power to pass the Extraordinary Resolution and to decide upon all matters which could properly have been dealt with at the Meeting to the Notes of the Meeting.
- dealt with at the Meeting should a quorum have been present at the Meeting.

 3. Every question submitted to the Meeting or the adjourned Meeting will be decided by a show of hands unless a poli is demanded by the Chairman of the Meeting or by one or more persons present in person and holding one or more Notes or voting certificates or being a proxy or protes and holding or representing in the aggregate not less than one-liftieth of the principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote. On a poil every person who is so present shall have one vote in respect of each A\$1,000 principal amount of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On e show of hands e declaration by the Chairman of the Meeting that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. In the case of joint holders of a Registered Note the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority in respect of the joint holders of Registered Notes.
- To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-tourths of the persons voting thereon or, it a pot is duty demanded, by a majority consisting of not less than three-fourths of the votes given on such post, if passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether present or not at such Meeting, and upon all the Couportholders will be bound to give effect thereto accordingly.

Availability of Documents

Copies of the Agency Agreement may be inspected, and copies of the Explanatory Statement, voting certificates and other documents referred to above may be obtained, by Noteholders at or from the specified offices of the Agents, the Transfer Agent or the Registrar the addresses of which are set out below.

Principal Paying Agent The Chase Manhattan Bank, N.A. Woolgate House Coleman Street London EC2P 2HD

Banque Bruxelles Lambert S.A.

19th October, 1988

Chase Manhattan Bank Luxembourg S.A. 47 Boulevard Royal Luxembourg

Beriiner Hendels- und Frankfurter Bank lockenheimer Landstrasse 10 0-6000 Frankfurt am Main

Transfer Agent Chace Manhattan Bank Luxensbourg S.A. 47 Boulevard Royal

Luxembourg

Registrar
The Chase Hantston Bank, N.A.
Corporate Trust Department
1 New York Pisza New York, NY 10081

Chase Manhattan Bank (Settzerland) 63 Rue de Rhone CH-1024 Geneva

DSL Bank smedyaliee 62-70 D-5300 Bonn 2

DSL Bank Deutsche Siedlungs- und Landesrentenbank.

FT LAW REPORTS

Bank not liable for looting

fail, as the judge held.

On the appeal against the bank, the bank objected that the contention that its manager was aware of Mr Cass's fraudulent designs and was party to them, was not open to be adjusted on the planting.

party to them, was not open to the solicitors on the pleadings. Where fraud or dishonesty were material it must be clearly pleaded. In the present case the allegations on the pleadings, even if fully made out, were wholly inadequate material on which to bese a finding or an inference of fraud or dishonesty on the manager's

or dishonesty on the manager's part. The finding against the bank on that acore could not

The banker's basic contrac-tual obligation was to pay his customer's cheques in accor-

dance with mandate. Any implied term requiring him to exercise care must be limited. It was only when circum-stances were such that any

reasonable cashier would heat-tate to pay a cheque at once and would refer it to his supe-rior, and where any reasonable superior would heattate to

anthorise payment without enquiry, that a cheque should not be paid immediately on presentation and such enquiry made (see Barclays Bank v

Quincecure [1988] 1 FTLR 507).

Mr Case was introduced to the bank by the solicitors. He

did not use his own account or his loss facilities properly or truthfully. Bank officials recog-

nised that a substantial number of cheques were drawn on his personal account to enable him to gamble. The bank was under a clear obligation to Mr

Cass not to make known to anyone, including the solici-tors, information which came to it as a result of his personal

account (see Tournier [1924] 1 KB 461). If the manager had or

ought to have learned of the

frequent and substantial withdrawals by Mr Cass in cash from the clients account, even the limited duty of care to

which he was subject would

have required him to tell the

The judge's finding that the bank had reasonable grounds for believing Mr Cass was probably operating the clients' account in fraud was based on a case of dishonesty which the

solicitors were not entitled, on

the pleadings, to raise. He was wrong to conclude that the bank acted in such a way as to render, itself constructive trustee for the solicitors, or

limited duty of care.

LORD JUSTICE PARKER
said that the whole basis of the

exchange transaction with the club was that Playboy would

redeem chips when presented

and would accept them as payment for meals or drinks. Such a promise was good and valu-able consideration for the pay-

ment of the cash. The transaction was separate and distinct

from the subsequent gaming which it enabled to take place.

The solicitors' claim against

the probability was that Mr

Cass was operating the client

account in fraud, or that he knew what he would find if he

looked at the account but

dared not look. The judge's findings impugned the honour of a man who had had no

opportunity to give evidence.
They upheld a charge of serious dishenesty which was not within the particulars pleaded

and should not have been

There was no basis on which it could be said that a reason-able banker would have had

any reason to believe that there might be something wrong with the operation of

the client account. The manager knew Mr Cass was an uncontrolled gambler, but there was nothing on the svi-

dence which suggested that a reasonable bank manager

would have had reason to believe he might be looting the clients' account. Despite his

shortcomings in his dealings with the bank he came recom-mended by a highly respect-able firm of solicitors and any

bank manager would have regarded such fraudolent con-duct as virtually unthinkable. The bank's appeal was

allowed.
LORD JUSTICE NICHOLLS

agreed that the bank's appeal

should be allowed but dis-sented on the solicitors' appeal against Playboy. He said that

receipt of money up front by the croupier or cashier in the

casino from a would be gam-bler on terms that any money not lost on gaming would be refunded, did not constitute

the giving of valuable consider-

ation by Playboy for the pur-pose of its acquiring good title

to stolen money.

For the solicitors: Dermod

OBrien QC, Thomas Patnam

and Simon Gaunt (Reynolds

Porter Chamberlain)
For the club: Gooin Lightman
QC and Alan Boyle (Clifford
Turner)

For the bank: Jonathan

With regard to the claim against the bank, on the pleadings there was no allegation that the manager had reason-able grounds for believing that

the club failed.

committed any breach of its

be upheki.

LIPKIN GORMAN V
KARPNALE LTD AND
ANOTHER
Court of Appeal (Lord Justice
May, Lord Justice Parker and
Lord Justice Nicholls): October
13 1988

A BANK is not liable as constructive trustee for sams withdrawn by a partner from his firm's client account, if the firm fails properly to plead and prove that the bank had and prove that the bank had reasonable grounds for believ-ing he was operating the account dishousatly. Also, the exchange of gambling chips for cash by a licensed club, unaware that it is stolen, is good consideration giving rise to a valid contract distinct from any subsequent saming from any subsequent gaming contract, and the club is there-fore not liable to the original owner for money had and

received.

The Court of Appeal so held when allowing an appeal by Lloyds Bank plc from Mr Justice Alliott's decision (/1996/ 2 FTLR 278/ that it was liable as constructive trustee for money stolen from a clients' account held by solicitors, Lipkin Gorman. The court by majority dismissed the solicitors' appeal against Karpnale Ltd, operator of the Playboy Club, from the judge's decision that it was not liable for moneys had and

received. LORD JUSTICE MAY said that Mr Norman Barry Cass was a compulsive gambler. From 1978 to 1980 he was a partner in the solicitor's firm, and able to draw on their clients' account on his signature sione. The account was maintained at the bank's Brook Street branch. Mr Cass' resources were insufficient to fund his addiction and from July 1979, he began to use money from the clients' account. The net loss to the account could not have been less that £222,908...

Before Mr Justice Alliott the solicitors succeeded against the Playboy Chub on a claim for conversion of a draft of £3,735 improperly accepted by the Club for gaming purposes. They succeeded against the bank as constructive trustee of the money in the clients' account on the ground of want of probity of the manager of the Brook Street branch. The judge beld that the solicitors discovered Case's dishonesty by October 1 1980 and had only emselves to blame after that date. He computed their loss over the period from May to

October 1980 as £87,187. In the present appeal the solicitors contended that the chib was liable to them for the full amount of £222,908 as money had and received, and that they were entitled to maintain the judgment for the conversion of £3,775. Against the bank they claimed the full amount lost on the basis that the bank had at all material times, not just for six months. been a constructive trustee.

There was a simple answer to the claim against the claim, namely that it took Mr Cass's money bona fide without notice of the defect in his title and for value, save in respect of the £3,375 draft. The solicitors argued that

the club had not taken Mr Cass's money for value because it had done so under a contract made void by the first limb of section 18 of the Gaming Act 1845 ["all contracts. . . by way of gaming or wagering shall be null and void]. In Ellesmere v Wallace [1929]

2 Ch 1 the court held that a contract "by way of" gaming meant a contract "for or of gaming. Thus if a contract came into being on the exchange of money and chips, it was not avoided under the

Counsel alternatively submitted that no contract was made - all that happened was that the parties treated cash as

That was not a realistic analysis. For his money Mr Cass obtained chips which enabled him to game; he could use them for cash when purchasing refreshments in the club, it was implicit that the club-undertook to cash all his chips when he wished it to do so and to give him the appropriate sum of money. Such an arrangement was clearly an agreement supported by valuable consideration, and must have been a contract, though not one by way of gaming or wagering. Therefore the claim against the club on the basis of money had and received had to

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Politics reduced to soap opera

Lionel Barber looks at the influence of television on the US election campaign

The decisive moment in American television coverage of this year's election came just after the first presidential debate. ABC News's anchorman Peter Jennings, one of a panel of interviewers who had just grilled Vice President George Bush and Governor Michael Dukakis for 90 min-otes, was asked how he thought the two candidates had fared. Well, Mr. Jennings replied, since he had not seen the event on television, he would rather not comment.

Peter Jennings is not the only professional who has had only professional who has had a hard time sorting out image and reality in this year's election. Covering the campaign in America, I have often found it difficult to adjust to the pervasive role of television and to grasp how just how much it defines the tactical battle between Messers Bush, Quayle, Dukakis and Benisen.

What is hard to accept is the

What is hard to accept is the way television here has allowed itself to become an accomplice to the crimes of all the candidates, particularly Mr Bush: the trivialisation of politissues and the avoidance of serious debate. To paraphrase American critic Mr Mark Hertsgaard, television has covered the 1988 election on bended knee; any further gamuflection-could well prove harmful to the body politic.

This is the year, we are told.

This is the year, we are told, that the campaigns grew yet more sophisticated in their use of television. It is the year of the "sound-bite," the 30 second visual clip of the candidate equipped with a punchy message pre-packaged for the nightly news; the year when the Republican and Democratic conventions became mere stage sets for the candidates to pose for the photographs now. appearing in in the national and local TV advertising cam-

been skilful in their use of tele-vision. They have to be Back in the first race of the cam-paign, the Iowa caucuses, some ing a bill mandating the Piedge

decisive election. In the event, both Mr Bush and Mr Dukakis, the eventual election winners, came in third. But the early message to the campaign man-agers, staring at a media mon-ster demanding a daily diet of pictures and words, was clear: control or be controlled.

The Bush campaign under-stood this far earlier than their

rivals. Although for months he had been branded as a wimp, when Mr Bush turned round when Mr Bush turned round with one good speech at the Republican convention television ram with the story of an aggressive new leader, even though reporters knew it was just as much a distortion as the earlier "wimp" story.

The re-packaging of Mr Bush is largely the work of one man, the portiv media gurn. Mr

the portly media guru, Mr Roger Alles, who learnt his trade 20 years ago with Rich-ard Nixon. Mr Ailes is the man behind the Republican "attack dening the Republican "attack adverts" characteristing Mr Dukakis as soft on murderers and rapists, a liberal who is out of touch with mainstream America. The combination of TV advertising and TV news coverage both pumping the same anti-liberal theme is one reason why Mr Bush turned reason why Mr Bush turned round a 17-point deficit in the opinion polls before anyone could say "Mike Dukakis." Mr Ailes understands the

needs of the three half-hour nightly network news shows broadcast nationwide by ABC, NBC, and CBS. Stick to a sharp, simple message. The Bush campaign has excelled at

was extensive, uncritical cover-age of Mr Bush steaming around in Boston Harbour and labelling Mr Dukakis a polluter in his home state. Even more effective was the regular nightly shot of the Vice Presi-

6,000 journalists and 60 satel-life trucks jammed into Des Moines to cover a supposedly that the Governor was some-

In early September, Mr Dukakis tried to bounce back on to the screen by appearing near the forest fires in Yellowsnear the lorest lives in xenows-tone National Park. A great shot maybe, but the Governor was running for president, not chief fire officer. That same week Mr Dukakis, beckled by anti-abortion protestors in

the presidential candidates: the

trivialisation of political issues and

debate Philadelphia, told them he respected their right to disagree. It was a defining moment in the campaign: Mike Dukakis came across as weak and ineffective, while that same night a de-wimped George Bush was filmed

avoidance of serious

shouting down angry dock-workers in Portland, Oregon. Some suspected that the Republicans had co-ordinated both events. Television likes to depict itself as powerless when con-fronted with the likes of Mr Ailes. The question is whether

television has been a willing The nightly news suffers from its rigid format which relies on lucrative advertising slots constantly breaking into the news broadcast. Last February, the CBS anchorman

Dan Rather tried to break out by staging a live interview with Mr Bush intended at prising open his role in the Iran-Contra scandal. The exercise backfired because Mr Rather turned aggressive and Mr Bush pre-programmed by Mr Ailes

struck back. The interview made "great television," but it was not news, merely enter-American TV journalism

also puts itself at a disadvan-tage because it tries to draw clear lines between comm and news, and relies on outside "talking heads" to offer con-text and judgment. This can lead to the absurd position where a network anchorman paid a million dollars a year can open his news show, 20 houre after Senator Dan Quayle was a clear loser in the vice presidential debate, with the words: "Who won, who

Television - which often boasts of its power - often seems frightened by it, although the networks recov-ered their nerve last week when they scored Mr. Bush a clear they stored Mr. Bush a clear they stored in the final presi-dential debate. However, the general rule is to surrender to the rent-a-quote campaign advisers, as happened after the first presidential debate in Winston Salem, North Caro-lina. Several of these "spin-doc-tors" were seen sprinting out of the debating hall to make it first to the TV cameras to claim their candidate had won. The networks duly gave them air-time rather than analysing what the candidates had said. Do not blame the TV corre-

spondents. They usually do their best, considering the lim-ited time available, the tyr-anny of the visual image, and the medium's pre-occupation with the dramatic moment. A more deserving target for criticism is the recent proliferation of the "talk shows" - the round-table discussion groups which produce a seductive mix of news and entertainment. One of the most popular is the McLaughlin Group, a

weekly show which is broadcast on 271 TV stations around the country, reaching more than 2m viewers and ranking as one of the most watched public affairs shows. It is chaired by Mr John McLaughlin, a former Jesuit priest and

White House speech writer.
Watching McLaughlin is like
watching a cockfight. The journalists — all respected wordsmiths - are also good actors, playing their appointed roles of red-meat conservative and soft-boiled liberal and shouting each other down mercilessly. Three or four minutes are allocated to each subject, at the end of which McLaughlin – a sort of Sir Robin Day on steroids – either asks a question requiring a simple "Yes" or "No" or he whips the panel into giving a 1.12 demands into giving a 1-10 damage

Not everything looks so uninviting. Some 52.8 per cent of all US TV homes have cable television, up from 17.5 per cent ten years ago, and many better-than-average news ser-vice and are presenting the networks with much-needed

competition. C-Span, for example, regularly carries full-length politi-cal speeches by the candidates. Cable News Network (CNN), Ted Turner's Atlanta-base company, also provides a fast-improving product throughout the day. The hour-long McNeil-Lehrer programme on the Public Broadcasting System which treats news in depth is excellent.

Yet these stations remain minority viewing. The general public knows it is being hood-winked by over-programmed, over-scripted candidates. Polls show that people resent it, but they are not sure what to do about it. Perhaps, they will exact vengeance on election day. Certainly, unless television learns to exercise some of its vaunted power, the candi-dates will continue to ensure that the image remains reality mere soap opera.



Jennifer Landor and Julie Legrand

Mrs Vershinin

Having Having done a reputation-restoring job on Maogham's Mrs Gauguin, Helen Cooper turns her witty attention on the unseen wife of the battery captain in Chekhov's Three Sisters.

But this is no feminist backchat in Mile Bredwell's current.

chat. In Mike Bradwell's sump-tuous near-Soviet 90-minute production on a magnificent design by Geraldine Pilgrim, this is a Chekhovian counter-play, making scenic use of a classic in much the same way Tom Stoppard did with Hamlet in Rossnergatz and Guilden. in Rosencrantz and Guildenstern Are Dead.

Vershinin (Paul Bentall) comes back for hunch full of the Prozorovs and the name day celebrations. His wife is unpacking with her parents in a great glass and steel living room having emerged from museum exhibition stands to the stage left. A bird has miraculously crashed through a window. The captain drones on about progress and hope for

the future (repeating himself all the time from Chekhov).

The squalid creature who keeps trying to poison herself is revealed by Julie Legrand to be a trapped neurotic with anx-iety dreams and a brother fixa-tion. In tender flashbacks with tion. In tender flashbacks with her best friend, a vegetarian teacher (Jennifer Landor) who has had an affair with her father, Yeliena Vershinin unfolds a story of failing to catch much love or attention. Even when wooing in the autumn at Yalta she proves a schizophrenic liability.

These scenes might have been maudlin, but are in fact dagger bright and very well acted. The theme from Onegin weaves in and out of Stephen Warbeck's fine piano score, expertly played by Mary Chater. The parents, Rosalind Knight and Christopher Guinee, indulge in poisoned table chat, bleached but funny in a sub-Chekhovian manner, and

Yeliena is shocked back to a sense of parental duty by Chekhov's third act fire.

The performance needs to inhabit more of the set, and more vocal push would not hurt. But this is such a refreshingly unusual enterprise of atmospherics, funny text, rela-tive dramaturgy and good design (the full length windows, generous perspectives and creamy crumbling provin-cial structure are evocative of a Slav new theatre look practised from Wajda to Vasiliev), that quibbles perish.

Julie Legrand shakes off the dream of endless men in hats encircling her bed to retain less hope and more faith. Three years on, her parents are back once more to pack. Ver-shinin is off to Poland. For her, and the two girls, Moscow beckons. Masha would be doubly forious.

Michael Coveney

Lohengrin

British stage directors are a Rritish stage directors are a rare breed in the German Russell Craig's single set opera world. One or two, like placed the action in a small David Pountney and Graham sena bounded by a semi-circular vick, have been welcomed lar verands structure, with the because their production style River Scheldt and a Gothic is not far removed from the church ruin just visible in a kind of "concept opera" pres wintry background landscape, dominant in West German A portcullis and flight of stars theaters. But there seems to be were added for Act 2 and a ball theatres. But there seems to be a jinx on more traditional, naturalistic producers like. Peter Hall and John Cox, who arrival and departure, a circu-have been unable or unwilling lar shield bearing a swan motif to adapt their production was lowered in a puff of techniques to German condi-tions. Ian Judge might have of mystery or mythology in pondered this before agreeing to stage *Lohangrin* at the State Theatre in Wiesbaden, where his Macbeth production for Opera North made a guest evening remained stage-bound appearance at this year's May from start to finish.

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The most sensible course would have been to choose an opera less central to the German repertory. But having accepted *Lohengrin*, Judge should have known better than to present it merely as a colourful historical legend. At its best, his production resembled a sophisticated amateur performance, and at its worst, a run-of-the-mill repertory revival it lacked detailed char-acterisation, psychological insight, dramatic truthfulness, or, indeed, any sign of what was really going on behind

Wunder Schirmer - but on the evidence of this Lohengrin and some of his other recent work, it will be no surprise if Schirmer follows in the steps of illustrious predecessors like Klemperer and Sawallisch

The seamlessness of the string lines and blending of instrumental voices were the stamp of an unusually gifted were added for Act 2 and a tall. drape of red curtain at the start of Act 8. For Lobengin's orchestral technician. Schimer's natural grasp of the structure of the musi long breaths and mature climax, gave the performance a calm authority, while the dra-matically punctuated orchesthis — or in Deidre Clancy's quaint costumes, an elaborate jumble from the Middle Ages tral outbursts of Act 2 were exactly and thrillingly placed. Orchestra and chorus responded with verve and to the Napoleonic Wars. So, the

The cast included a poised and dignified King Henry from Johann Werner Prein, and a crisply-sung Herald from Eike Wilm Schnite. The tall, sunnyford Electrical Floring the American half to the story. The musical direction was in the hands of Ulf Schirmer, barely 30 years old and newly installed in the post of Generalmusikdirektor in Wiesbaden. The State Theatre faced Elsa was the American soprano Sue Patchell, who one of many built around Europe in the 1890s by the grew in vocal confidence as the evening progressed - unlike the tenor Norbert Orth, a Viennese architectural team of Fellner and Helmer, and one of the few German theatres to escape wartime bombing diminutive, unheroic figure who took over the title role at three days' notice and bore the bewildered, faintly comic look has traditionally proved a useful stepping stone for the best young German conductors.

One healtates to speak of Das of a Germanic Dudley Moore.

Andrew Clark

Polish National Radio Symphony Orchestra BARBICAN HALL

The Polish descent upon the Barbican on Monday was a heavy-duty affair: a very large band, two substantial works the Sibelius Fifth and Chopin's E minor Piane Concerto -two further pieces where one would have sufficed. Proko-flev's "Lieutenant Kile" Suite was passable, if tame; but national pride was ill served by trated version of Szymanowski's "Nocturne and Tarantella" as a gross, inept prelude to the Sibelius. The conductor Antoni Wit should have replaced the Prokofiev with better Szymanowski - we know from recordings that the Polish National Radio Symphony are fine Szymanowski specialists, as indeed they ought to be. That was a missed opportu-nity; nevertheless, the main works gave serious pleasure. This is a musicianly orchestraof character (Slav, mostly), not over-concerned with the super-precise ensemble that has become a Western fetish. Their Sibelius sounded the warmer

bassoon with a striking upper register (much favoured in this programme): almost vocal, forcefully projected, never nasal in a few details, Wit's treatment of the symphony departed interestingly from established Western readings. Those points, however, were marginal to the overall effect of the performance, which was sympathetic, thoughtfully controlled and gripping without recourse to cheap orchestral

trumpets à la Russe, and a first

There were certainly no orchestral thrills in the Chopin concerto (in fact I can't recall hearing a bumpler accompani-ment to the elegant A major tune in the Rondo: it must have been under-rebearsed). None, fortunately, is needed. for the soloist Kun Woo Paik commanded all one's attention. Wielding an unwontedly big sound along with his familiar liquid delicacy, and an exqui-sitely refined rubato too, he dressed the piano-writing in iridescent hues. Palk has been a rewarding artist for a good many years now, but this performance rose to a new level of authority and imaginative resource.

Dancing and Shouting

discusses research into DNA: a

homosexual murderer recounts

his many crimes; we hear a

helicopter pilot describe an oil-

rig fire; two hilarious mono-

logues encompass a psychotic girl giving birth in a night

listing her collection of news-

paper clippings. Well-worn themes of non-communication,

of scientific impotence, of the

fatulty of living, clatter into

fragments of dance, mostly

under-developed, during which

the dancers seem to be doing their own thing, and porten-tous slow-motion dressing and

undressing. The water, of course, lies there in wait for

the producer's attentions, and

eventually stakes its claim to the dancers. They bathe, wash

Accompanying them are

THE PLACE

Dance Umbrella, celebrating its tenih year as a shelter for experimentation of the best and sometimes most thresome kind, began its five week fesan opening shot across our bows, Second Stride presented Ian Spink's new theatre piece, Dancing and Shouting.
Second Stride is concerned

quite as much with talk as with movement, with polemics as with dance ideas, and like Weighing the Heart, Mr Spink's Weighing the Heart, Mr Spink's earlier exercise, this latest venture is a grab-bag of allusions, subliminal references, and plous good intentions. And like Weighing the Heart, it taxes one's own good intentions towards the innovatory ambitions of the entarprise.

towards the innovatory amor-tions of the enterprise.

Visually the piece is bold, effective. Antony McDonald provides a setting of eight office blocks — a hideous city-scape in miniature — set in shallow troughs of water. The cest of rive false a trio of cast of nine (plus a trio of musicians) are clad as urban dwellers. Conversation and speeches set up strands of nar-rative: a man and woman talk

themselves, obsessively clean their clothes (while still dressed), and generally splash about, before eventually huriing books at the buildings and the water in an access of impotent fury as civilisation fails David Murray in domestic cliches; a scientist

It is, in sum, one of those evenings where, if you have

not been rendered catatonic by the obscurity of what is going on - or by aghast recognition of yet another reverberant tru-ism about Our Threatened ideas are hauntingly effective. project from the windows of the setting, the occasional eruptions of blind and frantic energy, images of loving care between people who have become derelicts, are both vivid and shocking. But the over-riding problem for me is that Mr. Spink's various threads of meaning are not yet taut enough, and his messages far too generalised. By focuss-ing his action, he can focus our comprehension.

The cast work with entire conviction. The score, by Evelyn Ficarra, ranges from amorphous wailing by a soprano, with clarinet and percussion joining her, to a tough and atmospheric sound track that menaces the performers and their world. The production will be stronger when it men-

Clement Crisp

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FINANCIAL TIMES

ARTS GUIDE

for that - though the contin-ual string pizzicato in the

Application was admirably clean, and so was the excited plants simo chatter in the Finale.

Besides the very creditable strings, there were frank, open

Measure For Measure (Barbican). Measure For Measure (Bartican).
Pick of the RSC London reper-toire, a gripping revival by Nicholas Hytner, strongly acted, with witty design references. (688 8891). Oct 19,20,24,25, Nov

4,5,11-15. The Secret Rapture (Lyttelton). Brilliant new David Hare piece hiritant new David Hare pace-for the National Theatre, a satiri-cal but moving romance on life. (328 2252, cc 240 7200). Essy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward: worth seeing (379

outh Pacific (Prince of Wales). Average revival with Genzua Craven failing to wash the buri-tonal Emile Belcourt out of her

hair (689 5969).
Follies (Shafiesbury). Eartha
Kitt and Millicent Martin decorate Mike Ockrent's strong
revival of Sondheim's 1971 musical. (379 5399). The Admirable Crichton (Haynarket). Rex Harrison ar Edward Fox in enjoyable revival of Barrie's imperishable comedy. (980 9832, CC 379 4444).

(980 9832, CC 379 4444).
Dry Rot (Lyric). Brian Rix returns to the stage after an absence of 12 years in a genuine classic (437 3686).
The Sneeze (Aldwych). Eight short Chekhov pieces translated and adapted by Michael Frayn with Rowen Atkinson, Timothy West and Cheryl Campbell.
Slichtly rewarding, (886 5404. Slightly rewarding, (836 6404,

CC 379 6233). Sugar Babies (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit sta-mina and star quality. (836 8888).

New York Cats (Winter Garden). Still a sell-out, Travor Num's produc-tion of T.S. Eliot's children's tion of T.S. Eliot's children's poetry set to music: visually starlling. (289 6262). A Chorus Line (Shubert). The

US. (239 6200). Les Misérables (Broadway). The magnificant spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway one in pegeentry and drama

ngest-running musical in the

(238 6200). Starlight Express (Gershwin). Those who saw the original in London will barely recognise its US incarnation: spruced-up stage and American scenery dis-tract from the hackneyed pop music and trumped-up, silly plot

(586 6510). Me and My Girl (Marquis). Even if the plot turns on ironic minicry of Pygmalion, this is no clas-sic, with forgettable songs and dated leadenness in a stage full of characters. (947 003 M. Butterfly (Eugene O'Neill). The surprise Tony winner for

1988 is a somewhat pretentious and obvious meditation on the true story of the French diploma whose long-time mistress was a male Chinese spy (246 0220). Speed-the-Plow (Royale). David
Mamet applies his biting sarcasm
and ear for the exaggrations
of American language to Hollywood, in this screamingly funny
and well-plotted expose of the
film industry (239 6200).

Strange Hern March (Robbie)

Stranger Here Myself (Public). Angeling Roux performs two decades of Kurt Well's songs in a one-woman show covering the composer's careers in Berlin, Paris and New York (596-7100). Phantom of the Opera (Mejestic). Stuffed with Marian society with gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-

October 14-20

ing melodies in this mega-trans-fer from London (238 6200). Washington

Driving Miss Delay (Eisenhower). Julie Harris stars in the Pulitzer Prize winning play about racism in the South. (254 3670)

Steuth (Risenhower). Stacy Keach and Maxwell Caulfield star in the mystery pitting a writer against a mild-mameres travel agent who's stolen his wife's affections (254 3678). Tokyo

Kabuki (Kabuki-za). Performances at Ham and 4.30pm. The morning programme includes Moritsuna Jinya, a play set in an age of civil strife — a popular actor's vehicle, since the role of Moritsuna is considered one of the finest in kabuki. In the offernous Kasamirama Gori. afternoon: Kagamiyama Goni-chino Iwafuji: a play noted for its spectacle — scattered bones rising up to form a complete sk eton and a beautiful mansion transformed into a haunted house. Excellent programme and earphone comme ntary in

earphone commencary in English, (541 S131). Gorky Theatre, Leningrad, in Chekhov's Uncle Vanya, Peter Schaffer's Amadeus. The Bolahoi Drama Theatre, better known as the Gorky, was founded in 1919. In recent years its reper-toire has been widened to include new, if uncontroversial works from the West. Globe Theatre

(572 6331).
Anyama Theatre. The 35 Steps.
Musical revue by the Shiki Theatre Company, which specialises in musicals and is 35 years old this year. Extracts from major Shiki productions, from West.
Side Story to Phenders of the Side Story to Phantom of the

SALEROOM

Porcelain loses its gloss

sale at Sotheby'e of its continental porcelain would give the concept of investing in art its biggest challenge, and so it proved. The Fund was hoping to raise £600,000 for its pensioners but only managed £569,860. There were some excellent returns on its purchases of the

returns on its purchases of the mid-1970s, when it was advised by Sotheby's, but also some glaring failures.

The sale totalled £1,172,545 in the morning session, with over 21 per cent unsold. The top price was the £39,000 paid for a maiolica dish painted by Nicola da Urbino around £300 and depicting the rape of Proand depicting the rape of Pro-serpine. The Fund paid £27,500 for it in 1978; yesterday it carried a top estimate of 260,000. An exceptional Florentine drug jar of the late 15th century, purchased in 1976 for 213,750, also showed a good return, making £88,000, well above its £35,000 top estimate. while an armorial dish, painted by Francesco Xanto Avelli in 1532, has apparently risen in value since 1976 from 211,550 to £60,500. The same sum secured an unusual Gubbio lustred Urbino plaque of around the

same date, which had cost £10,000 in 1975. But against these successes in Renaissance Italian ceramics there were some embarrass-ing disappointments, especially

It was always reckoned that among the French porcelain. A the British Rail Pension Fund's pair of Mennecy figures of a pair of Mennecy figures of a chinaman and his companion, acquired for £16,500 in 1976, were expected to make at least £40,000 yesterday. In the event they were unsold at £28,000, as was an important Augustus Rex vase and cover of around 1725 and a pair of Nymphen burg Italian comedy figures of Harlequin and Lalaga of around 1760. The rarest piece in the auction, a Vezzi teapot and cover made in the mid 1720s in an Italian factory from the latest teapon in the latest teapon and cover made in the mid 1720s in an Italian factory from the latest teapon in the latest teapon and la which only 200 pieces have survived, sold for £39,600.

The lesson to be drawn from

the lesson to be drawn from the Pension Fund's investment in art is that while items of the finest quality will usually per-form reasonably well – the sit-nation with its silver pur-chases – other sectors of the art market will be out of favour for a long time. Porce-lain is a small and difficult area and although the Fund bought good pieces there are not enough rich collectors to guarantee a worthwhile return on the speculation.
At Sotheby's in New York a

diamond tiara, bought in the 1930s for the Duchess of Westminster, sold for £58,857: in 1959 in London it had made £110,000 but in the intervening years it has lost three of its

best stones. Antony Thorncroft

FINANCIAL TIMES

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Wednesday October 19 1988

The Mexican dilemma

DRAMATIC MEXICAN rescue operation. Imagine the shudder that such headlines send down the spines of financiers, politi-cians and central bankers, all of whom recall the consein August 1982 that it could no longer service its debts. Is Mexico again leading the pack, with the announcement of a \$3.5bn "bridging loan" from the US Government? Is the bridge perhaps one between the old world of an increas-ingly discredited Baker plan to a new world of direct financial support for the indebted countries from the treasuries of the major developed countries?

At present, it is impossible to tell. Important elements in the story remain somewhat obscure, including the terms on which this finance is being offered, the expected involve-ment of the IMF and the World Bank, and the condition of the

Mexican economy itself.
Washington claims that serious liquidity problems in the
Mexican economy justify its direct involvement. There appears to be some truth in this, but the offer of \$3.5bn may also be intended to ensure that nothing ontoward disrupts the apotheosis of Mr Bush. From the Mexican perspective, three weeks before the US presidential election must have seemed a good time to hold out the begging bowl

Risky affair

But is the US wise to support the Mexican economic programme so strongly? Since the exchange rate has been the central instrument of counterinflationary policy, the current Mexican stabilisation pro-gramme is a risky affair. With monthly inflation down to 0.6 per cent in September, it would appear soccessful, but the price has been real appreciation of the currency of some 20 per cent this year. This appreciation is, in turn, associated with an import surge, a deteriorating trade balance and capital flight.

To make the programme work, Mexico needed good luck, but – with hurricane Gilbert and the oil price fall - if has had the reverse. The country has made substantial prog-

ress with economic adjustment since the onset of the debt crisis. Oil now accounts for only 45 per cent of export earnings, down from 80 per cent. The balance of payments position became very strong, too, with a current account surplus of \$3.9bn in 1987 and reserves of over \$12bn at the beginning of September. But all this has been insufficient to guard against liquidity problems in current adverse circumstances.

Difficult circumstances

So, Washington's involve-ment is perfectly understand-able. What is less obvious is that it is wise. For a country experiencing a severe deterio-ration in the terms of trade, the attempt to hold up the exchange rate may well prove a serious waste of resources and credibility. Worse, by mak-ing an offer of funds, Washington could provide a signal that capital flight is justified. Mean-while, for the incoming Mexi-can administration there is the danger that agreement to the package will be criticised as allowing the "gringos" to tie Mexico into a doomed stabilisa-

Mexico into a domed stabilisation programme.

It is not a mistake for Washington to supply official funds.

Nor is it wrong to supply funds
to Mexico, which is not only of
great importance to the US but
has made exceptional efforts to
adjust in difficult circumstances. What is worrying is
that policy is responding, like a
Pavlovian dog, to purely short
term exigencies. It is still
worse to engage the moral and
financial capital of the US
behind a programme which behind a programme which may eventually be seen as a political and an economic

disaster in Mexico itself.
Senator Bill Bradley has charged that Mr Bush will pretend there's no problem until the night before Mexico or Brazil is about to precipitate a world financial crisis". It has happened sooner than he thought. Far more serious thought is required about a long term programme for reso lution (not management) of the debt problem. Only if such a plan is in place will the other side of the bridge rest on some thing more substantial then hot air.

The Crash one year on

THE CORRECTION of '87 scarcely has the ring of a classic newspaper headline. Yet with hindsight it looks a more accurate description of what happened in world stock markets a year ago today than the more catchy Crash of '87, which is now the accepted label. If the main market indices are to be believed, the average equity investor in New York, London and Tokyo is still much richer today than at the start of 1987 and the prompt decision of central banks to relax monetary conditions at the time gave additional impetus to an already robust world economy. As for the regulatory response to the market slide, it has been decid-edly muted. Is this common nse, in view of the modest fall-out, or dangerous compla-

The answer to that question hinges largely on whether the Crash is seen as the problem or the solution. On the face of it, the heady hull market in the first three quarters of 1987 was substantially fuelled by a boom in global liquidity arising from central bank support for the dollar. At one level the Crash reflected the market'e fear that the support operation would fall victim to growing tension over trade imbalances; this carried the risk of a chain reaction involving a plunging dol-lar, renewed inflation, followed by tighter money and consequent recession. At another. the market was acknowledging that equity prices had risen far out of line with historic valua-

Lack of confidence

On this reading the market was too high in the first place and the correction of this overshoot in October aptly sig-nalled a lack of confidence in US economic management. Few analysts detected in the Crash a case of overshoot downwards. The official response should thus have been weighted more towards economic policy than market regulation. That said, the sheer speed of the market adjustment brought the US financial structure close to collapse. The outpourings of various bodies in the US such as the Brady Commission, the SEC and the General Accounting Office on market mechanisms have therefore been welcome.

Many technical weaknesses exposed by the Crash have admittedly been self-correcting: the practise of portfolio insurance, which contributed substantially to the instability on Wall Street, has waned. Others, such as shortcomings in systems and information, have been emeible addressed. have been sensibly addressed by market authorities around the world. But the main response to the speed of the collapse has been the attempt in the US and on some continental European bourses to introduce circuit-breakers, whereby trading is temporarily halted to give investors time to stop panicking.

Unmanaged markets

This works in Tokyo, where limits are placed on daily price movements in individual shares – but partly because market confidence is very suc-cessfully managed by the Min-istry of Finance and trading is dominated by four leading bro-kerage firms. Circuit breaking in unmanaged markets may simply speed downward adjust-ments hy broadcasting the floor to prices. And to introduce them on a purely domes-tic basis, as the New York Stock Exchange is doing, is to encourage a diversion of trad-ing to other financial centres such as London. Any regula-tory response to the Crash that fails to recognise the crash that fails to recognise the existence of a global equity market is putting a leaky bucket under the potential deluge.

There is, in fact, a better solution to these problems — to wit, more capital for the

market making function to provids a biggsr cushion against volatility. So far the post-Crash capital increase in New York has been inadequate; and in Europe it is cru-cially important that the Euro-pean Commission's forthcoming capital adequacy proposals for securities firms do not undermine those financial centres with more strin-

gent rules.
Finally, there is something odd about a system in which central bankers are once again acting as lenders of last resort to the securities markets as they did in the 19th century, without monitoring directly what happens there. One year on, this issue looks quite as relevant as it did at the time.

the best time to extract con-cessions from the US Government comes once every four years. During the presidential election campaign, domestic politics tradition-ally exercises a paralysing impact on US foreign policy. The value of that tradition has not been lost on Latin America's debtor nations.

In August, Argentina secured the promise of a \$500m bridging loan from Washington. Over the weekend, It was the turn of Mexico, the country which triggered the third world debt

On Friday, Mexico's debt negotia-tors, Gustavo Petricioli and Angel Gurria, flew into Washington. By Monday, they had secured the prom-ise of \$3.5 billion from the Federal Reserve and the US Treasury. This is a bilateral bridging loan of unprecedented proportions — and one agreed without either party knowing precisely what is going to prop the bridge

From the perspective of the Reagan Administration — and that of Vice President George Bush who may be only three weeks away from the suconly three weeks away from the succession to the White House – both the Argentinian and Mexican deals can be welcomed with a sigh of relief.

The last thing Mr Bush (and his campaign manager the former US Treasury Secretary James Baker) needed before November 8 was a new

needed before November 8 was a new Third World debt crisis. Third World debt crisis.

The Mexican government was also playing for time. It hadly needs a breathing space during which the incoming Government of the newly elected President, Mr Carlos Salinas de Gortari, who takes office on December 1, can formulate its economic policies.

In the last few weeks Mexico has

In the last few weeks, Mexico has been haemorrhaging foreign reserves at an alarming rate. Reserves reached a high point of \$16.2bn at the end of May. On September 1, President Mig-uel de Madrid put them at \$12bn, a figure inflated by the inclusion of sev-eral contingency lines of credit including one swap facility with the US Treasury. Subsequently, another line of credit made available by Washington for \$940m for financing the purchase of agricultural products

went largely unnoticed.

When Mr De la Madrid spoke foreign exchange reserves had almost certainly dropped below \$11bn and now are reckoned to be \$10bn or less

One factor in this fall had been a

surge in capital flight. Mexico's domestic political situation has rarely looked more uncertain than since the election in July. It signalled the weekening of the grasp of the ruling PRI party and the opening of a new and unpredictable era in Mexican politics. In the wake of the general election, capital flight reached about \$400m a week. One reputable independent economist estimates that the outflow

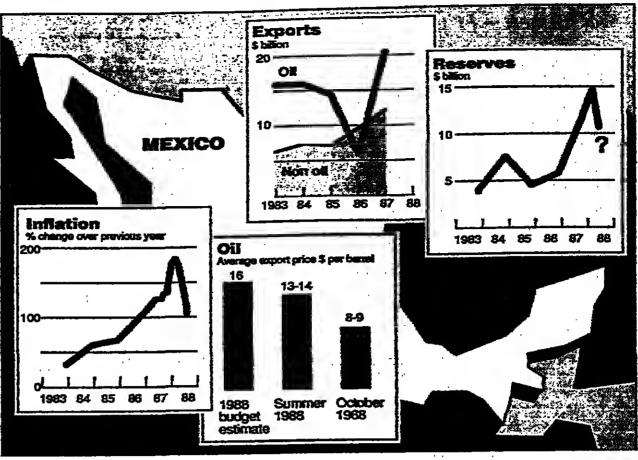
could have amounted to about \$5bn from April to September. That out-flow has alowed, but recently, company treasurers are said to be eyeing the dollar again. Politics was not the only factor contributing to an erosion of confidence in Mexico's economic management. Another was the plunge in world oil prices. By early October, Mexico's average export oil prices were down to \$89 a barrel, raising the prospect of huge losses of export earnings.

The trade deterioration implicit in the trend in oil prices came on top of a severe loss of export competitive-ness. On some calculations the Mexi-can Government's decision to hold its exchange rate stable this year as part of its anti-inflation policy has resulted in a real appreciation of the peso by around 20 per cent.

around 20 per cent.

And the anti-inflation policy led to shortages of consumer goods which were met by a flood of products from abroad. Imports rose by more than 50 per cent in the first half of 1968, compared with the same period of 1967; exports were only np 5 per cent. Mexico's current account began to show a deficit in June show a deficit in June.

Stewart Fleming, Richard Johns and Stephen Fidler report on the US loan to Mexico



A favour to a neighbour

It did not take the financial markets long, once the oil price decline set in, to come to the conclusion that a major devaluation of the Mexican currency was beginning to look inevita-ble. Taken together, all these factors raised the possibility of a repeat of the crisis of 1982. Rather than risk waiting, as in 1982, until its foreign exchange reserves and its bargaining power were exhausted. Mexico turned, apparently within the last two weeks, to the US for financial support to try and shore up confidence.

This was a second-best choice, given Mexico's traditional resentment of any dependene on the US. The gov-ernment's preferred solution would, it appears, have been a broad based facility provided half by international commercial banks and half by multi-national institutions on the other. It is widely believed in fluencial

circles in Mexico City that Dr José Cordoba, President elect Salinas's speloan, for \$6bn, when he was in New York towards the end of September. That got nowhere; with the threat

of further capital the government turned to the US — and there is now unabashed relief in government cir-cles in Mexico City over Washington's

The US had every incentive to help its southern neighbour. The incoming Salmas administration is working out its policy toward the debt issue. Recent statements seem to indicate that the Mexicans are leaning towards cooperation, rather than confrontation, and the US was keen to encour-

It was also keen to encourage the progress made since 1982 in diversify-ing the Mexican economy. Non-oil exports have risen by 45 per cent since 1986, according to one US offi-cial, so that today they comprise 75 per cent of total exports compared

with 35 per cent in 1985.
Inflation has been reduced dramst-ically, rising by only 0.5 per cent in September. And the Solidarity Pact. between government, employers and unions, to hold down wages and

The most remarkable aspects of the agreement are its size and the uncertainty about how it will be repaid.

prices, has been renewed till the end

After the bridging loan was amounced, US officials stressed the importance of Mexico's economic pol-icy reforms. "This is a vote of confidence in the outgoing Government and the incoming Government," said

one official.

If the two sides are lucky, the bridging loan itself should belp to discourage capital flight; in an ideal world, indeed, Mexico might never actually need to draw on the US financing. In contrast with 1982, the Mexicans and Americans have acted before the problem has got desperate, the move is a pre-emptive one.

The two most remarkable aspects of the Mexican agreement are its size, many times larger than any previous bridging loan for a debt-burdened developing country, and the uncertainty about how it will be repaid.

A large chunk of the loan is coming from the US Treasury's exchange sta-bilisation fund. Private experts are speculating that a significant proportion will be made available from the from will be made available from the Federal Reserve, perhaps through the swap agreements Washington has had with its southern neighbour since 1967, the only such agreement the Fed has with a developing country. Neither source of funding requires Congressional approval before being disbursed.

As for the repayment of the loan, the expectation is that the World Bank may provide between \$1.5bn and to \$600m under the new Compensa-tory and Contingent Financing Facil-ity, awarded to countries which suffer from a sharp price drop in a key export commodity. Because it is a export commonly. Because it is a new type of facility, it may take some months to work out, which suggests that the World Bank financings will be in place before any IMF loan, as appears to be happening in the case of Argentina. The World Bank is already engaged in negotiating a series of major new project loans for Mexico, and it is expected that the Bank will make new structural adjustment

loans to Mexico too. No conventional standby IMF programme appears to be envisaged at this stage.

The precedents that are being established by Mexico and Argentina are not being lost on observers of world financial markets.

Those precedents now include decisions by the US to mount major bilateral rescue agreements in a way which, some bankers fear, is weakening the traditional discipline which the International Hometary Fund and to a lesser extent the World Bank has exerted over its customers.

to a lesser extent the work bank has exerted over its customers.

This type of procedure differs from the new money packages which were put together at earlier stages in the debt crisis because it does not directly exert pressure on the commercial banks to make large new commitments to third world debtors as part of the lending consertium.

of the lending consortium.

This leaves doubt over what role the commercial banks will play. There was a lot of had feeling among the banks over the previous loan package to Mexico signed last year, which took around nine months to arrange. (It was originally for \$7.75m; in the event banks lent less than \$65m because part of the money was linked to the behaviour of oil prices, which performed better than expected.)

behaviour of oil prices, which per-formed better than expected.)
Resistance from banks arose for two reasons. Many non-US banks objected to the way US Federal Reserve Board chairman Paul Voicker was railroading them into the financ-ing, while the package itself was sim-ply unattractive to banks, in contrast with that worked out this year for Brazil.

While many bankers praise Mexico for sticking to its economic policies in the face of strong political pressure to abandon them, they nevertheless will not be eager to lend it still more new money. Some will almost certainly want the protection of an IMI standby programme which does not currently seem to be under consider-ation. Others will ask whether with reserves of \$100m, Mexico needs the funds from the banks anyway.

In fact, resistance to lending new

finds will partly arise from the fear that new bank lending to countries with relatively strong reserves will only be used to buy the debt back from the hanks at a discount in the secondary market. Indeed, before the recent deterioration of reserves, Mexico had been actively considering a second issue of so-called Aztec bonds which would be used to buy

The argument that the old rescue procedures have been overtaken by events is widely accepted. Austerity policies in Latin America have already squeezed domestic economies to such an extent that, as in Mexico, political stability is being brought into quarties.

into question.

But what is missing from the kind of ad hoc approach to the debt problem which has been evolving this year is any clear sense of a long term strategy, and the financial commitments to back it up by the lenders.

The sudden eruption of the Mexican debt problem again is a reminder of just how fragile the Third World debt situation remains. It also highlights the fact that although the ac called Baker Plan for tacking the continu-ing debt crisis has been overtaken by events an alternative has not yet emerged to replace it.

The issue of a new approach to the debt problem will come back again Mexico. For Mr Salinas, the major issue in the longer term is to obtain a reduction in debt service payments so that after six years of stagnation Mexico can enjoy renewed growth The indications are that he is seeking a reduction of 30 per cent in the \$8hn (7 per cent of GDP) paid out annually to service Mexico's debts. This week's bridging loan, by making the US administration the central player in resolving Mexico's short term problems, may reduce Washington's ability to escape such a role in the search for a longer term solution.

High cost of defence

■ The Military Balance, the handbook of defence specialists the world over, gets fatter and fatter — almost in inverse proportion to the threat of war. The first issue, published in 1959, had 11 pages and cost one shilling. It was called NATO and the Soviet Union, and did not even discuss the Warsaw Pact, either because there there was not sufficient data available or because the authors thought that the rest of the Pact not worth mention-ing alongside the Soviet forces

There was no hint either that The Military Balance was to become an annual publication. The 30th issue, published today, has 260 pages and costs £18.95. The Warsaw Pact is in, as it has been for some time. So is the third world, and there is additional information on

naval developments.
François Heisbourg, the director of the International Institute for Strategic Studies, from whose stable it comes, estimates that the price per page of producing the docu-ment has multiplied by 15 since it was started; and by 14, allowing for inflation.

Heisbourg is an unusual phe nomenon in many ways. He is a Frenchman heading a pre-dominantly Anglo-Sexon insti-tute. He has already had a successful career in business, having been a vice-president of Thomson-CSF. He may well have a career ahead in politics. He is a socialist and only 39.

"My future lies in France," he says. The only exception would be if he were formally to join the international academic community to which he considers he already belongs. France would not be the place for that. Otherwise the future lies between busi-

ness and politics.
"It is better to be elected,"
he admits, but French politics does not always work like that. It is possible to enter as a

OBSERVER

super-elite technocrat: for instance, as Minister of Defence or Industry. Some say that that even applies to the Premiership. Besides, there is a broad consensus in France on defence policy, so Heisbourg could fit quite naturally even in a centrist administration, though he does not conceal

his socialism.

All that is probably some way ahead. Heisbourg has been director at the HSS for just under a year. He has put the finances in some order: not that they were too had in the first place, for the honorary treasurer is Sir David Scholey of Warburg and the Institute is advised by Robert Fleming. Its chairman is Sir Michael Palliser, a former head of the British Foreign Office and now deputy chairman of the Midland Bank. Thus the HSS reacted swiftly to last year's stock market crash. It now has a capital base of £5m, which Heisbourg hopes to double. Annual running costs are £1.4m.

The Institute is currently advertising for a Director of Development who would be responsible for long term fund-raising. Heisbourg wants to reduce the dependence on money from foundations and is aware that one of the rea-sons why the neighbouring Trade Policy Research Centre nearly went under is that it neglected to look after its fin-

The next step will be to develop a programme of research for what may be a more peaceful world. What are the strategic implications of economic and trade issues? Heisbourg is wondering how

or even whether — that
question should be addressed

by the IISS. Meanwhile, this year's Mili-tary Balance, required reading in east and west, is a reminder



"Let's hope it's a happy

peace, military deployments are still very large.

Thatcher's man Competition has broken out in Western Europe about which country should be the first to receive Mikhail Gorbachev in his new expanity as President of the Soviet Union. The visit was tentatively promised to Britain, but that was ised to Britain, but that wa on the assumption that Gorbe-chev would not become Presi-dent until next year, in the event, he took over last month and has other dates in his

Ciriaco De Mita, the Italian Prime Minister, paíd a success ful visit to Moscow last week Chancellor Kohl of West Germany is going this weekend and President Mitterrand of France next month. All are promised a return visit and Gorbachev is going to India

in November. Margaret Thatcher, however, is still pitching. She can claim

to have discovered Gorbachev for the west, and it is possible that he will be in London before the end of the year. Per-haps it is only Soviet gossip that has it that his wife, Raisa, would prefer France or Italy first.

Whitelaw next ■ Lord Whitelaw was in complimentary mood at the primensary mood at the expense of himself at the Dor-chester yesterday for a Foyles interary luncheon in honour of Norman Tebbit who could, and did, boast that his autobi-ography, Upwardly Mobile, was published only a week ago and is already in its second edition.

Comparing their success in two previous posts they had in common during their careers - Employment Secre-tary and Chairman of the Conservative Party - Whitelaw deprecated his own perfor-mance in both. As Employ-ment Secretary, Tebbit had been an outstanding success, while in his own short occupawhile in his own short occupa-tion of the post: "I certainly achieved absolutely precisely nothing. Most of it was a minus." Chairman Tebbit led the Party to electoral success last year, Chairman Whitelaw presided over its defeat in the second election of 1974. White-law's own memors are coming law's own memoirs are coming

Soviet chic

A new Russian shop is due to open in London today. It is very small, rather chic and very expensive. The reason given is that the lease ran out on the old shop in Holborn. The new one has a much smarter address. It is 99 The Strand, just next to Simpson's and just right for Christmas.

Definition The Iron Age: before

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Raymond Snoddy talks to the IBA's chairman about commercial TV's future

Public duty, private worry

the long-running debate over the future of UK broadcasting a superimposed picture of Lord Thompoullication next month of a White Paper describing the Government's plans for a free market future. Lord Thomson of Monifieth, chairman of the Indexendent Proper describing the South a tradition of impartiality in television news and current affairs, he Independent Broadcasting Authority and by nature an incurable optimist, is deeply worried about what this will

mean for the future of British commer-cially-funded broadcasting.

"The heart of my worry is that the Government may abandon the concept of public service obligations for com-mercial television," says Lord Thom-son. He leaves the IBA at the end of December after nine years, first as dep-uty chairman and then chairman. uty chairman and then chairman.
"I wish I could find a better phrase

for public service obligations – it sounds such a dull, drab, bureaucratic phrase but underneath it lies comething of rich value to the ordinary viewer and I think that some people in government are very tempted to let that go, to think that the way the world is developing it is no longer desirable or possible to sustain it. I think that is a mistaken view," he says.

There are firm grounds for his fears. The White Paper will advocate the de-regulation of ITV with a ritual nod. or two in the direction of quality and variety, and the IBA will be replaced by a new commercial television authority which will regulate all commercial out-put including cable and satellite, but do so with e much lighter touch.

Lord Thomson, former political jour-nalist, Labour Cabinet minister and editor of The Dandy comic is retiring partly to spend more time with his wife but also to be free to return to Parlia-

"We are the only country in the world which has created a public ser-vice broadcasting system of high qual-ity that is entirely commercially funded out of advertising," he says. He believes it would be a tragedy if this tradition were to be discarded.

Lord Thomson is speaking in his IBA office in London's Brompton Road in what increasingly must feel like a bunker. Not only is the IBA's future being called into question, but some of its decisions, such as allowing Thames Television to go ahead with the trans-mission of its documentary on the SAS. shootings in Gibraltar, are attracting

criticism and bitterness. On his office wall is a montage given to him on his 60th birthday by the staff of World in Action, the Granada investi-

television news and current affairs, he believes, is just another of the assets of British broadcasting now coming under threat from some sections of the press

Lord Thomson is appalled by the kind of attacks being made on broadcasters by politicisms and others and the fact that television is not on trial fact. t television is put on trial for things accepted as normal in the popular

"I do think it's whipped up by politicians and what they are doing is taking such a risk with one of our most preclous assets." he says. He is unrepen-tant about the IBA's decision to televise "Death on the Rock" despite govern-ment hostility, although he believes the nature of the decision taken has been

greatly misunderstood.

We simply had to decide whether there were any reasonable grounds on which we could refuse the right of Thames to put out a programme about the events when the rest of the world's media had already been interviewing witnesses," he says.

There was no question of a seal of approval — beyond making sure that the programme was not soft on the IRA and that full weight was given to the enormity of the crimes being planned by the terrorists.

by the terrorists. "I think people felt we were on the IRA side by allowing it to go out. We had a much simpler decision to make as to whether it a legitimate journalistic operation, a matter of public interest,"

he says.

Battles over individual programmes, and where the limits of freedom should. be drawn in a democratic society, will continue as long as there is a body such

Lord Thomson is, however, struck by a much larger fromy. It was the Chur-chill Government which created ITV the Bill received Royal Assent in July 1954 - despite opposition from those such as Lord Reith, the first managing director of the BBC, who likened its coming to the Black Death. It was Mrs Thatcher's first government, and in par-ticular Lord Whitelaw who was then Home Secretary, which was responsible for Channel 4.

Lord Thomson finds it odd that Mrs Thatcher should be prepared to put these Conservative creations at risk gative programme that has given the and he fears there is a danger that the The IBA recently refused permission of quality IBA cause for thought over the years. It Government is getting over-excited for London Weekend Television to other mean



Lord Thomson:"Need a positive form of regulation"

about the pace of technological change and how rapid the impact of cable and satellite channels will be.

"I was a member of a Government that believed in the white hot techno-logical revolution and really a lot of

good it did us," he says.

Lord Thomson believes change will be gradual enough to "make it reasonably certain that by the end of the century the four familiar public service channels will still be the heartland of most people's viewing provided they are not destroyed for ideological or doctrinaire grounds."

Such an outimistic picture would

Such an optimistic picture would depend on the ITV companies putting their own house in order in terms of sting rid of over-manning and restric-

That, Lord Thomson believes, is already happening, partly as e result of Government pressure and partly because of the imminent competition from the new satellite channels such as

the four being launched by Mr Rupert Murdoch in February.
Critics would say that the IBA has not exactly been in the vanguard of encouraging such change and that the quality of the ITV sector has been only matched by its cost.

Lord Theorem, however, to determ Lord Thomson, however, is deter-

mined to make sure the ITV companies will not be allowed to anticipate Gov-ernment legislation which will probably not take effect until the beginning of tive form of regulation," he says. So 1993 by quietly trying to drop some of from New Year's day Lord Thomson their obligations now.

move its traditional religious programme out of its Sunday evening slot to make way for a popular current

affairs programme. "Ws thought this is a rather critical time to put down a marker about main-taining the significance of that kind of obligation. Some people in ITV are behaving as if the great revolution and the abandonment of public service was minent. They are in the sixth year of

eight-year contracts with a three-year extention to go," said Lord Thomson.

"The ITV companies, which I have come to have a great affection for over the years, remind me a bit of farmers. The had harvest of last year always blots out all the good harvests of the past and the bad harvest anticipated for next year always blots out the future,"

The reality, he believes, is that the ITV companies are making an embarrassing amount of money out of the increasing demand for e rather limited amount of airtime.

The challenge facing policy makers both in government and the broadcast-ing industry is to make sure that more channels actually mean more choice.
The planned fifth terrestrial channel,
Lord Thomson argues, should be used
to provide more local television.

You can have more channels and more choice but you need to do it rather consciously and you need a posiwill continue his hattle for the survival. The IBA recently refused permission of quality commercial television by

Privatisation

Split British Coal into competing companies

By Richard Pryke

he privatisation of the coal industry, to which the Conservatives are now firmly pledged, could be (although this ignores e few pits producing anthracite and viewed as a piece of symbolism. What really matters is the coking coal). Sixty million tonnes is the relevant figure for production reduced power of the National Union of Mineworkers, and the because this is the potential coming of competition due to the denationalisation of elec-tricity and the generating authorities' new freedom to buy coal abroad. Indeed it may

demand for deep mined coal after netting out open cast pro-duction and those imports that are inevitable. These include 10m tonnes of coal which the power stations on the Thames Estuary will almost certainly buy abroad. The pits on the north east coast, which at present supply them, cannot reduce their costs sufficiently to absorb the heavy cost of shipping the coal.

be thought that because imports are now so cheap there will, by the time that British

Coal comes to be privatised, be little of the industry left to sell

and even less which investors are prepared to purchase.

According to Bill Robinson of the Institute for Fiscal Studies,

when the generating authori-ties are able to buy coal from the cheapest source, deep mined output could fall to only

This argument is, I believe, largely false: the coal industry should be able to retain the great bulk of the power station

great bulk of the power station market and privatisation is important, if only because it can help the industry to max-imise its market share. Robin-son ignores the scope for increasing output at the better pits and reducing their costs. British Coal is planning to

British Coal is planning to raise labour productivity by about 50 per cant over the next

about 50 per cent over the next five years by introducing heavy duty equipment and tightening up efficiency. Furthermore, six-day coaling and flexible working could raise pit output by around 50 per cent and thereby reduce fixed costs per unit of production. The general rise in productivity and flexible working should, together, reduce unit costs by a quarter. This allows for a growth in miners' real earn-

growth in miners' real earn-

ings of 3 per cent per annum, and an examination of shaft

spacity shows this is unlikely

to be a serious constraint.

Given the reduction in unit costs and the boost in output,

British Coal will be able to pro-

vide some 60m tonnes of deep mined coal at an operating cost

of no more than £1.07/giga-

joules in 1992-93, which is prob-ably the year which has been pencilled in for privatisation.

(British Coal has decreed that

collieries need only reduce their costs to £1.50-1.65/GJ in order to be safe from closure.)

This coal would be produced at

Imported coal ought not to be attractive elsewhere. According to a study by Mike Prior and Gerard McCloskey, the stations on the central coalfields that are most

British Coal is pursuing the old NCB policy of trying to preserve as many pits as possible.

exposed to import competition are Cottam and West Burton. However, those low-cost pits that are best placed to supply them will be able to do so if costs are cut by 25 per cent and the price of imports does not fall below £0.82/GJ at Rotterdam. Prior and McCloskey say this price, which is slightly below the current one, is sufficient to justify the investment in new foreign mines that is coming necessary.

Although it should, in the-ory, be possible to cut costs by per cent and raise output by 50 per cent, this may not hap-pen in practice. Very little progress has yet been made to introduce flexible working at existing mines. This is partly because of opposition by the NUM, but the Union of Democratic Mineworkers is more sympathetic and British Coal s, on its own admission, not been trying very hard. No doubt the corporation will make more serious efforts and

28 collieries in England and the NUM's resistance will Wales employing 30,000 miners, weaken, when the generating authorities become free to import. However, there is a serious danger of British Coal procrastinating so long that foreign suppliers will be able to capture a substantial part of the power station market.

The corporation is dragging its feet because it does not want to create more capacity, through six day production, at a time when it is difficult to make room for Selby's rising output. British Coal is once again pursuing the old National Coal Board policy of trying to preserve as many pits as possible. This explains the paradox, which so puzzled Prior and McCloskey, of why the corporation is trying so hard to improve profitability through heavy duty faces but doing so little to raise it by fierible working.

Privatisation by making profitability of paramount importance will ensure that no way of cutting costs is neglected. The industry cannot be denationalised until after the next election but the impending transfer to the pri-vate sector should heve an impact, just as it did at British Airways. The drive to cut costs will be intensified to make the win be intensined to make the industry more saleable. This drive can be further strengthened by giving pits, or groups of pits, greater financial autonomy: a step which would have the advantage of promoting lead bearing and floatible. local bargaining and flexible

It is essential, when the industry is privatised, that British Coal should be split into competing companies.

When electricity is denationalised the generating authorities may decide to diversify the sources from which they obtain coal. If the pits are owned by a single corporation, the only way in which they can do this is by importing. It is, therefore, unlikely that deep mined sales will be maintained at the corporation. tained at 60m tonnes, as previously envisaged, unless British Coal is split up. In anticipation should be divided into units that are able to enter into contracts for the supply of coal.

The author is senior lecturer

in economics, University of

LETTERS

Determining the EC origin of UK-built Nissans

From Mr N.M.G. Bromfield.
Sir, Mr Gurney (Letters,
October 17) raises a number of difficult questions. As he says, France's unilateral 3 per cent quota for Japanese car imports is out of step with the General Agreement on Tariffs and Trade (Gatt), but equally the "gentlemen's agreement" limit-ing Japanese market share in the UK to 11 per cent is of dubious validity. If the roles had been reversed and the Nissan investment enticed to

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25.-22.5

The legal basis for the French Government's objection to UK-built Missans is that the EC content to be treated as EC goods — to be entitled to move freely in other EC countries. France cannot restrict imports from the UK of goods of EC origin, any more than the UK could restrict imports from France. To suggest that French Renaults be kept out of the UK market on the basis that they contain a low level of British France (or any other EC country) rather than the UK, one wonders what would have been the UK Government's position.

would be the clearest violation of fundamental EC principles. According to EC rules, a product enjoys the origin of the country "in which the last substantial process or opera-tion that is economically justified was performed, having been carried out in an undertaking equipped for the purpose, and . . representing an important stage of manufacture." That is the test to be applied in determining whether the UK-built Nissans have EC origin and are accord-ingly entitled to unimpeded access to the French market. As Mr Gurney points out, local content figures such as the 80 per cent relied upon by the French Government, or the 60 per cent relied upon by the UK government, are largely plucked from thin air. What is more, levels of local conte vary accordingly to which cal-culation basis is used and are notoriously subject to differing interpretations. To resolve the dispute, the Commission should limit itself to asking the question whether UK assembly of Nissans is "the last substantial process or operation . . . N.M.G. Bromfield, N.M.G. Bromfield, Avenue Louise 489, BTE 24.

European Court ruling gives little comfort to motor manufacturers

From Mr Rupert L. Hughes.
Sir, As legal advisor to the
Motor Panel Manufacturers Distributors Association, I would like to point out that William Dawkins's article on the Renault and Volvo cases ("European Court backs car makers," October 6) was misleading in two important

The High Court case of BL v Armstrong was not concerned with refusal to grant licences. in any event, the High Court's decision was overturned by the

House of Lords which ruled that it was unlawful for car manufacturers to use design copyright to prevent independent component companies from manufacturing spare parts. This ruling was based upon the Common Law princi-ple of non-derogation from grant: it held that a car manufacturer which sells a new car cannot prevent the car's owner from repairing it in the most economical way possible by obtaining spare parts in a free

This ruling will not be affected by the European Court of Justice's (ECJ) decision. The ECJ decision in the Volvo case concerned Volvo's refusal to grant licences to independent panel companies which were prepared to pay reasonable royalties for the licences. The ECJ ruled that the mere refusal to grant licences in amount to an abuse of a donai-nant position. Something more is needed, such as excessive

The European Commission's case in support of the indepen-dent panel industry against Ford is based upon the unreasonable refusal to grant licences in circumstances of alleged excessive pricing and other abuses.

The ECJ ruling confirms this approach and motor manufa turers are therefore unlikely to draw much comfort from it. Rupert L. Hughes, Wragge & Co, ... 8 Cherry Street,

The City should make sure British Steel's strengths are built on

From Dr Jeremy Bray.
Sir, When Samuel Montagu
publish the prospectus for British Steel on October 28, they will be publishing a profit fore-cast. Prospective shareholders will expect that prospectus to be more informative about the British Steel strategy, ou which that profit forecast will be based, than ministers, Brit-ish Steel, the broker advising the Government (Warburg Securities), or the broker for British Steel (Phillips & Drew)

have been so far. The principal characteristic of British Steel's plant configu-ration is the bottle-neck in contimuous casting, with unused iron and liquid steel capacity unstream and unused hot strip capacity downstream. Phillips & Drew, in their September document, mentioned the surplus hot strip mill capacity, but not the much larger sur-plus blast furnace and liquid steel capacity at Port Talbot

The strategic choice facing British Steel is whether to ments. That would mean mak-

remove the bottle-neck and go for a larger share of the home and European market with fully competitive plant, or to cut down capacity to the pres-ent market share. The latter choice is unsus-

tainable, since balance of payments considerations will create the competitive opportunity for higher steel production in the UK by the 1990s. If British Steel does not meet it, it will be met by overseas companies setting up low-er-cost, more energy-efficient mini-mills with continuous thin slab casting and simpler strip mills. That will under-mine British Steel's competitive position in the UK. The Financial Times (March 30 1988) gave a good account of the technology in the US. The decision will depend on market prospects, but decisions have a

long lead time in steel.

The atternative is for British Steel to go for the larger market share consistent with a sustainable balance of paying good the deficiencies in scraig is the principal supplier continuous casting at Llan- of the highly profitable coated wern and Port Talbot, and, sheet mill at Shotton, Warburg instead of scrapping the hot mill at Ravenscraig, using it as a development route into the new thin slab technology. Rav-enscraig led the way into continuous casting. Port Talbot and Llanwern may well be the last of the old-style hot mills in Europe to be modernised. It would not be the first time that British Steel has been the last to invest in an obsolescent

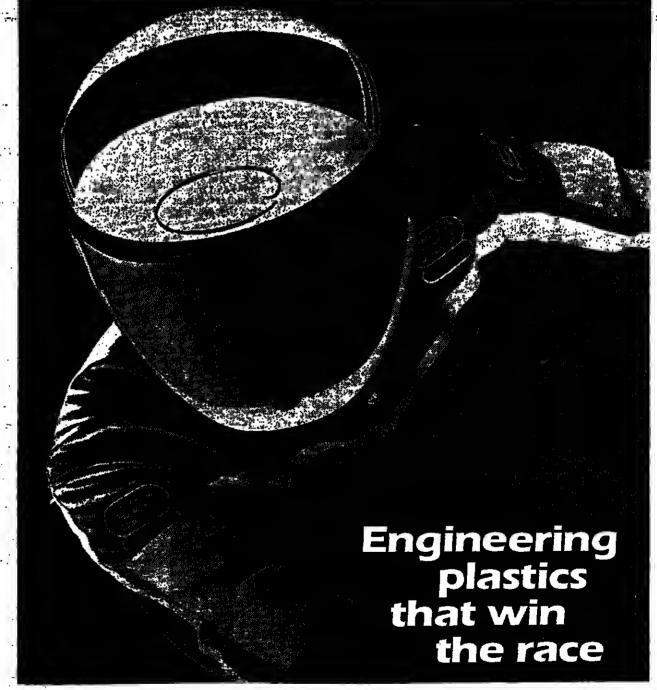
chnology. Very much the frankest and best-informed report on British Steel strategy is that by Arthur Young, commissioned by the Motherwell District Council, who are concerned about the future of Ravenscraig. The Government have been fright-ened of the issue, because they see privatisation as a means of getting rid of the political hot potato of Ravenscraug. The brokers have been so frightened of the issue that they have said as little as possible about Ravenscraig. Although Raven-

managed to say the sources of Shotton steel were just Llanwern and Port Talbo

But the issue will not go away. Nor is it in the interest of shareholders that it should. If British Steel behaves in a restrictive, monopolistic way, it will be the shareholders who will suffer. Instead, British Steel needs to make good the 40 per cent cut in its research and development since 1979. It needs to rejoin the research community in Britain and the world. It needs to attract capa-ble managers instead of repel-ling the competent by the absurd displays of macho man-

If the City has half the wit of my steelworker constituents at Ravenscraig they will make sure British Steel's strengths are built on, and its weakness remedied.

Jeremy Bray,



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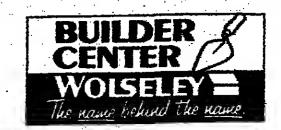
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FINANCIAL TIMES

Wednesday October 19 1988



Court backs UK insider deals law

By Raymond Hughes, Law Courts Correspondent, in London

BRITAIN'S Court of Appeal yesterday overturned a legal ruling which posed a major tbreat to the Government's attempts to curb insider deal-

ing.
The court ruled that people who deal in shares on the basis of what they know is unpublished, price-sensitive information are guilty of insider dealing, no matter bow the information came into their

The decision will have been greeted with relief at the Department of Trade and Industry, which is spearhead-ing the drive against insider

dealing.
Had the three appeal judges decided differently, the DTI would probably have had to drop at least some of the 31 cases already before the courts or under investigation.

The appeal court had been asked by Sir Patrick Mayhew, QC, the Attorney-General, to rule on the meaning of the word "obtained" in the 1985 Company Securities (Insider Dealing) Act. Section 1(3) of the Act makes it an offence for someone to deal in shares on the basis of unpublished price-sensitive information "which he know-ingly obtained (directly or indirectly) from another individ-

Sir Patrick referred the issue to the appeal court after a to the appeal court after a judge at a Crown Court, in Southwark, south London, in April directed a jury to acquit Mr Brian Fisher, a London businessman charged with insider dealing.

Judge Gerald Butler decided that Mr Fisher bad not "obtained" the price-sensitive information on which he was alleged to have dealt in shares but been given it "without any

but been given it "without any opportunity for him to prevent that information being passed

But yesterday Lord Lane, the Lord Chief Justice, said Parlia-ment had intended to penalise the recipient of inside information who dealt in the relevant securities, whether he pro-

cured the information "by purpose and effort" or came by it "without any positive action

on his part." The issue will now go to the Lords, the UK's final court of appeal, for a definitive ruling. Mr Fisher's acquittal is not affected by yesterday's find-

Lord Lane and his fellow appeal judges, Mr Justice Hutchinson and Mr Justice Tucker, held that if "obtained" were construed in the light of the purpose behind the Act, "the conclusion must be that it means no more than received." The Act, Lord Lane said, was

simed at two classes of poten-tial offenders dealing in securi-ties: the primary insider con-nected with a particular company and the secondary insider who obtained information from another individual connected with a particular

In each case the offence was not using information but dealing in the securities while being in possession of the relevant information. Lord Lane said that a 1977 government consultative document on the conduct of com-

pany directors showed obvious and understandable concern about the damage to public confidence insider dealing was likely to cause.
It also showed a clear inten-

tion to prevent, so far as possible, what amounted to cheat-ing when those with inside knowledge used it to make a profit in dealing with others. The appeal court's conclusion, Lord Lane said, would have the advantage of avoiding fine distinctions which would otherwise have to be drawn hetween what was and was not a sufficient purpose or effort to satisfy the narrow meaning of

These would have been distinctions so fine as to be almost imperceptible, and would have done nothing to enhance the reputation of the business world for honesty or of the criminal law for clarity," Lord Lane said.

Polish Premier a man in a hurry

Rakowski's reforms face tight deadline, writes Christopher Bobinski

Meczysiaw Rakowski, Poland's new Prime Minister, knows he does not have much

With the communist authorities and their opponents laying out sharply diverging positions ahead of talks on the country's future, he has signalled his intention of proceeding rapidly with economic reform in the hope of boosting his side's bar-

gaining strength.

The next few months will prove decisive for the economic and political situation, he said last weekend.

His Government enjoys the strong backing of General Wojciech Jaruzelski, the party leader, but holds few other immediate advantages. As a result, Mr Rakowski realises that only concrete achieve-ments will win him the modi-cum of popular support he needs to survive. The 62-yearold former newspaper editor (who was once mistrusted by the Soviet Union, and who could not have been appointed but for the change of climate mitment to economic change at

the end of September. He told a closed meeting of the Communist Party's Central Committee that "socialism is going through a time of change and upheaval... Many dogmas held unchanged for decades will have to be relinquished". He went on to pledge that his Government "would con-

centrate on removing restric-tions which trammel individ-ual and collective initiative." In practice this would involve "conflicts with various social groups, other political orientations and maybe sometimes with you, comrades."

But he also dispelled any idea that he was an out-and-out liberal, saying: "I intend to combine the mild smile with the firm grip when-ever the interests of the nation, the state and the party require

In selecting his Cabinet, Mr Rakowski has sought to take on board people untainted by links with the traditionally conservative heavy industry lobbies which have done so much to block change. Four of his cabinet colleagues come from the market-oriented "society for supporting economic initiatives" which Mr Rakowski himself founded

more than a year ago. Mr Ireneusz Sekula, who now has the top economic post in the new Government, came up through the administrative machine but in a speech at the end of August declared himself a supporter of a major restructuring of the economy, away from the energy intensive sec-

Some appointments to the new Cabinet, most notably that wealthy private entrepreneur who abandoned the state sec-tor in 1974, have been unconventional to say the least. How far this team will be

able to go in freeing markets, extending competition and company independence, attracting Western capital and channelling investment into consumer goods production is another matter.

For the moment the activity accompanying the Cabinet's installation has upstaged preparations for round table talks between Poland's rulers and Solidarity, the banned trade union. The talks were to have



The government of Mecryslaw Rakowski, enjoys the strong support of Wolciech Jaruzelski, the party leader,

started at the beginning of this week, but last Friday Solidar-ity was informed that they another seven days.

Mr Rakowski consistently denies that he is opposed to the round table process and he asked a number of independent figures, mainly linked to the church, to join the new Cabinet. When they refused he left the four roots onen, pending

the four posts open, pending any progress in the talks.

On the other hand it can be assumed that one of the reasons for the speed with which he intends to move on the comment of the part is to achieve quick nomic front is to achieve quick results and thereby weaken

Solidarity's position.
Once the talks do get under way Mr Lech Walesa, the Solidarity leader, will be insisting on getting his still banned trade union legalised on the

The authorities have made no secret of the fact that they intend to resist this. The party authorities do.

however, seem committed to trying to reach some form of agreement with the opposition in order to bring it into the parliamentary system and achieve a common platform for next year's elections. The official plan includes a

second chamber for parliament and a strong presidency, clearly a vehicle designed to lift Gen Jaruzelski above the fray of "change and upheaval" which his ally Mr Rakowski so clearly relishes.

Mr Jan Glowczyk, another member of the party leader-ship, told the Central Commit-tee last month that "we aim to put this plan into effect, but

obviously not at any price."

The "price" he referred to was clearly the relegalisation of Solidarity in its 1961 form. He did, however, note in his peech that the objection to having more than one trade union in a factory alongside the present official unions was not a doctrinal one.

"In the long term if the country is calm and the economy developing properly then we can consider the issue of union

pluralism".

It was the first official mention — albeit in closed session — of the hint whispered to Mr Walesa as well as to Polish churchmen that Solidarity would be recognised at some time in the future. It is a hint which has kept hope alive among moderates in the ban-

to outline rules for

By David Backen

THE European Commission is today expected to send a signal to the outside world that it will not let third countries reap automatic and unilateral benefit" from liberalisation of the European market, without demanding some reciprocal access for European compa-

today be formally discussing for the first time a long-awaited paper on the external trade aspects of the Commu-

and conflicting pressures from European governments, and of keen interest from third countries anxious for signs of

tionist Europe are justified.
The Commission debate will focus on what sort of bilateral reciprocity the Community should demand from third countries in those sectors, such as services and certain areas of public procurement, which are not covered by international trading rules agreed in the General Agreement on Tariffs and Trade. For most sectors, the Commission will simply demand matching liberalisation from Europe's partners in the current Uruguay Round of the Gatt negotiations.

Most contentions of all is the possibility that the Commis-sion might seek foreign com-try reciprocity not simply on the arrival of new non-KC entreprises in the Community, but on the 1992 style extension of European market access for non-EC owned entreprises already long established in

The 17 Commissioners will have before them a report, drawn up by their legal service, arguing that the 1992 programme opens up new market rights to foreign-owned businesses already established in the EC, and thus it would be legally possible for the Com-munity to pose new reciprocal demands in return for granting

procity demands as unneces-

vices.

However, a week-old draft of the general paper which Commissioners will discuss today warns of "the political sensitivity of such a move and the fears of partners like Japan and the US." Many Commission officials privately feel Brussels would be on weak legal, let alone political, ground if it went beyond just tabling reciprocity demands on the occasion of the first establishment of new foreign entrelishment of new foreign entre-prises in the EC.

The same draft of the Com-

But the draft paper warns that "it would be premature, in the areas not yet covered by international (Gatt) rules, to extend in an antomatic and unilateral manner to third

countries the benefit of (the EC's) internal liberalisation." The belated trade policy paper is supposed to be a clari-fication to the outside world of the Commission's future inten-tions and an internal guideline to Commission officials as they draw up future internal market draft directives. It will not be sent for formal debate to EC

Brussels set reciprocity after 1992

in Brusseis

The 17-man Commission will

bealts at the sheer conce

Nor is there much prospect of a counterfield. Kraft plus Uni-lever would have over half the US margarine market, and the

goodwill would erase Uni-

lever's shareholders' funds. Nestle, with \$5bn of acquisi-tions under its helt this year already, is surely too busy.

Though Philip Morris's balance sheet will creak under the strain at first, it is still primar-ily a tobacco company, and that, above all, means cash

The bid is also highly oppor-tune. With the sale of Duracell out of the way this summer, Kraft has finally stripped itself

back to a pure food company, with a dominant position in US cheese and strong brands in Europe. How much Philip Mor-

ris can broaden its base is another question; despite Gen-

eral Foods and Miller beer, tobacco still provides 80 per

cent of profits on just over half of sales. Like BAT, the com-

pany limis it hard to escape from what it does best. The bid illustrates the lon-

gevity of two industrial themes: the marriage of

themes: the marriage of tobacco with food — as with RIR Naiseco, and United Biscuits' failed bid for Imperial Group — and global concentration in food itself. The latter can be exaggerated; this deal is mostly about the US market,

with the scope for ecosionies correspondingly obvious. And in the US as elsewhere, the

sense of urgency may only be a

The fall in Scottish & New-

castle's price to 395p - 5p below Kiders' offer - has its

ironies. Partly, the weakness reflects the modest poison pill element in yesterday's deal

S&N

nity's programme to forge a single market by 1992.

The key trade policy paper—four months in the drafting—has been the object of strong

whether their fears of a protec-

Europe.

This would be a drastic re-interpretation of the Treaty of Rome assurance (under Article 58) to foreign companies incor-porated inside the Community that they will be treated on a par with their purely European counterparts. It is also strongly opposed by the UK Govern-ment, which sees such recisary, in deed counterproductive, to maintaining the City of London's position in world financial ser-

The same draft of the Commission paper stresses that the EC's "incontestable interest lies in the development of the most open possible economic system, which will allow (the Community) to draw maximum advantage from the increase in European company competitiveness that should flow from the single market."

Luxembourg may review holding company status rates to defend franc

By Tim Dickson in Luxembourg

A SENIOR MINISTER in the Luxembourg government yes-terday revealed that the possibility of tighter supervision over holding companies in the Grand Duchy is being consid-ered in the wake of the Bank of Credit and Commerce Interna-tional (BCCI) affair.

Mr Jacques Poos, Luxembourg's Finance and Foreign Minister, however, indicated that the accompanying bureaucracy "makes such a scheme unlikely." He added that the issue was "a matter for reflec-tion inside the Government." Last week's raids in Miami

 which led to the indictment of BCCI, two subsidiaries and nine of its employees on charges of conspiracy to pos-sess cocaine and launder the drug money - has put the spotlight on Luxembourg where the BCCI parent is regis-tered as a local holding com-pany. Mr Poos, however, main-tained that the Grand Duchy had been unfairly singled out for criticism by the interna-tional financial community. tional financial community.

"There have been no charges

as far as I am aware against Luxembourg staff members," he said. Holding companies are not allowed to undertake commercial transactions, open an account, make a loan, or buy or sell assets. "Controlling them does not bring concrete results and does not get to the place where moment laundering. place where money laundering is taking place," he added.

Luxembourg holding compa-nies do not fall under the con-trol of the Institut Monetaire Luxembourgeois (IML). Critics say this may not be uncon-nected to the fact that the two financial scandals to which the Grand Duckey's name has been Grand Duchy's name has been linked in recent years – Am-brosiana and now BCCI – have both involved companies using this form of incorporation.

Mr Poos said that the Laxembourg authorities had not been asked to take part in the criminal investigation over BCCL He added that if they had been asked, they would have co-operated.

WORLD WEATHER

French increase interest

By Paul Betts in Paris

THE BANK of France could not afford to relax its increased its money market intervention rate yesterday by a quarter point to 7% per cent in defence of the franc, which has come under pressure as a result of strikes in the public sector and the rise of the D-Mark against the dollar.

Mr Pierre Bérégovoy, the French Finance Minister, warned last Sunday that the warned last Sunday that the
French monetary authorities
intended to support the currency against speculative pressures caused by the growing
wave of labour unrest.
Yesterday, Mr Roger Fauroux, the industry Minister,
added his voice to the Government's public insistence that it

ment's public insistence that it ment's public insistence that it would maintain a tight grip on the economy in the face of demands by the country's 5m public sector workers for a relaxation in its rigid wage policies. The strikes are the first serious political and social test for the Socialist Government since it came to power five since it came to power five Mr Fauroux said France

Yugoslavia to

policies because economic recovery remained fragile. The franc, too, was fragile for "mechanical reasons" because of its relationship with the D-Mark. "When the D-Mark goes up, the franc goes down," he said. The Government's renewed

promises to maintain economic promises to manutan economic rigour came on the first day of widespread public sector strikes, which disrupted urban transport in Paris and other big cities, as well as electricity and postal services.

A power cut delayed the opening of the Paris bourse

yesterday while other cities yesterday while other cities were also hit by sporadic cuts caused by strike action by members of the pro-Communist CCT union at Electricité de France. Nurses are continuing their strike for better pay and conditions. and conditions.

The disruptions are expected to reach a climax tomorrow when the public service unions hold a day of demonstrations

Computer talks collapse

act on economy Continued from Page 1

remains in place. There are also fears among non-Serbs that if Mr Milosevic is thwarted over the Albanian question he will again press for an extraordinary congress of the national Communist Party, empowered to make sweeping

personnel changes, Non-Serbian politicians have opposed the idea of an extraor-

Continued from Page 1

Unix should become the com-mon industry standard has become an increasing source of irritation to the computer industry's customers, who are interested only in a standard and dependable operating system on which to run their applications software.
The members of the Archer

group say they provide about 75 per cent of the Unix systems shipped this year with the OSF dinary congress, fearing that the Serbian leader would use it to consolidate his position.

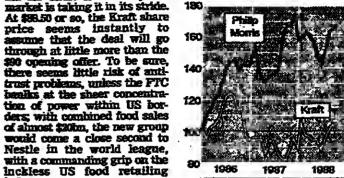
tion that will "assure the con-tinued evolution and compatibility of Unix systems

It is expected that the OSF will take up to 18 months to bring to market products based on AIX – but there is already a growing requirement for Unix systems.

For computer users, the industry standards battle presents a major problem. They risk being left with a non-standard computer operating system that may not be compati-ble with future developments

Philip Morris says cheese

Not the least astonishing Share prices relative to the aspect of Philip Morris's \$11bn bid for Kraft is the way the market is taking it in its stride. At \$98.50 or so, the Kraft share S & P industrial index



between S & N and Pontin's. between S & N and Poning & Mostly, though, it illustrates a curious role reversal, with Elders stressing the likelihood of a monopolies reference and S & N playing it down; the mere threat, after all, pushes the S & N price down and allows Elders to buy in the market. A reference starts to market. A reference starts to look increasingly likely, with both sides determined to see the process through. It need not follow, though, that Elders will be eager to bny in the meantime; as Goodman Fielder has discovered, holding a big stake in those circumstances can be a costly business.

Mecca/Pleasurama

If Pleasurama shareholders

had simply thrown away all the offensive and defensive lit-erature put out by either side during the 11 week hid battle. it would not alter the nature of the decision which they must now take. Their choice remains beguilingly simple: either to take it on trust from Michael Guthrie that Mecca can make more of Pleasurama's assets than the incumbent management, or to trust Pleasurams when it argues that Mecca can-not History provides little help either way. Mecca's record is short and scintillating while Pleasurama's is long and creditable; and though life would be much simpler if one group were a bunch of cowboys and feeling that a window is clos-ing. Presumably, after all, this had was hatched when it still looked as if Mr Dukakis might the other their innocent victims, neither stereotype is remotely suitable under the circumstances.

Few Pleasurama shareholders - even among the roughly one third who probably now support Mecca - would argue that Pleasurana deserves to be backed into a group one third its size. But just deserts are not what is at issue, and the Pleasurama management should not expect too much in

the way of grand but futile ges tures from the institutions. Money, too, is not really the point - or not enough of one to make decisions simple: the offer price can easily be mas-saged to suit anyone's case, but it is clearly neither too good to turn down nor too feeble to consider. If, as seems likely, the battle turns out to be as finely balanced as the arguments on either side — and is extended as a result the advantage could well shift in Mecca's favour. For in the short term, Pleasurama's share price would probably suffer more from victory than would Mecca's if it wins the day, and those who hold both will not have falled to make

Lonrho

this calculation.

For all the sound and the fury in Lonrho's shares, and the roll-call of punters from around the world purporting to be involved, there is still pre-cious little to support the view that the company is about to be bid for. Despite the further 11p rise in the shares yesterday to 374p, the disposal of MrEdel-man's 5 per cent stake and the confirmation from Mr Bond of separate 4 per cent holding do not make matters any

clearer.

Bond's interest is particularly puzzling, as he fits neither the part of friend nor of foe. London itself is making much of the happy times spent by Bond and Tiny Rowland in the Mediterranean, and of their joint interest in DBS and other projects. But it is difficult to imagine that Bond would have bought a stake at such an inflated price as a favour, par-ticularly as he seems to have forgotten to mention it to his forgotten to mention it to his good friend. Still, it is just as hard to see him hidding for the company given how much he has on his plate already.

If nothing else, Lourino has become a playground for the aris, with Holmes à Court to be seen dabbling in both the shares and options, and everyone else from Kerry Packer to

one else from Kerry Packer to Sir James Goldsmith fondly helieved to be playing too. must look like easy money, especially as Lourho is doing everything it can to help with its helf baked plans for a management buyout, and extrava-gant calculations of what its assets are worth. As no outsider has the first idea of what Lonrho's asset value might actually be, the market is more than usually prepared to listen.

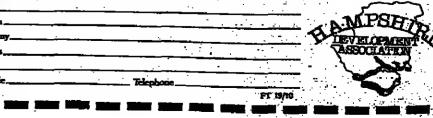
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Planning for office automation is becoming more strategic for many companies, large

and small, as today's advanced systems offer improved business processes, increased output and a better quality of management, as Della Bradshaw reports here.

New boost for productivity

THE PAPERLESS office was: much-heralded in the early 1960s. But as electronic equip-ment manufacturers failed to deliver the goods, many busi-nesses became sceptical of the new methods of working. Now there are very definite changes afoot, and electronic equip-ment and office systems are slowly but surely bringing

automation to the office. Installation is being spurred on by executives' belief that office technology can give their companies a competitive edge, and most companies now have an-office automation network as a white collar support sys-

As office automation planning is becoming part of large companies' strategic planning, decisions about its implementation are much more likely to be taken at board level than five or ten years ago, according to Peter Blackmore, Director of Marketing for Rank Xerox in the UK - "there are big oppor-tunities for office automation which supports business pro-cesses. Improved business processes can improve the quality of management, and that's a very powerful argument in large organisations," he says. Gone are the days when top managers bragged that they

never touched a keyboard.

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items of office equipment which will work together and can be integrated with existing systems. One result is that the stand-alone photocopier and typewriter, for years the main-stay of the office, are now being superceded. The photo-copier market in the UK, for example, is only growing by two per cent a year, and most of the machines are replacements for existing models, according to the National Busi-

ness Equipment Survey. Sales of typewriters show a similar trend. Wharton Information Systems, the office equipment market survey com-pany, says that sales of typewriters in the UK are well below predicted figures for the first six months of 1988. The market is virtually stagnant at the moment, but worse is to come. Wharton predicts the number of typewriters purchased next year will be as low. as 187,000 units, down from

269,000 units this year. By 1990 the number of typewriters sold will be down to 130,000 units. The personal computer (pc) and the workstation are taking its place. . Today there are an estimated nanagers bragged that they never touched a keyboard."

As office automation planpc for every 3.5 office workers.

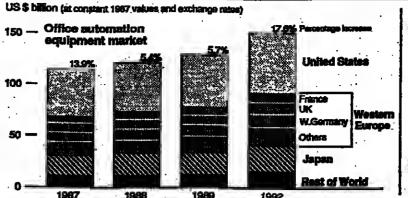
Other office 14%

Today's markets by product

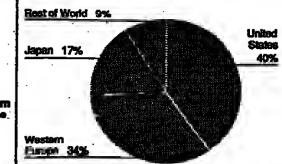
equipment 5% cash registers 2% Accounting machines eduloment 1%

How markets are growing

The worldwide office automation market is set to reach \$150bn by 1992



Markets by countries (1987)



Total value \$115bm

CE EQUIPM

which in turn is slightly ahead of the rest of Europe, says Judith Wainwright, manager of office systems consultancy at Butler Cox. That figure will rise to one for every two workers in the next five years. She points to the falling price of computer hardware and pressure on businesses to compete effectively as the main reasons for the move to more auto-mated offices.

Attitudes to buying office equipment are slowly beginning to change as a result "the most imaginative and productive applications of office automation are coming from companies which see it as an investment rather than an expense," says Ms Wainwright.
Overall the office equipment and services market is buoyant and worldwide is worth around 2200bn. Electronic office equipment accounts for the highest proportion of that, at about \$115bn in 1987, according to the latest Clementson/Nn-Markets report on Worldwide Office

By 1992, the report predicts the market for electronic office. equipment will be worth \$150bn. The largest market is in the US, which is expected to be worth \$47.6bn for electronic quipment alone this year. Business for UK office equip-

Automation to be published

ment manufacturers is also on the upturn. The Business Equipment and Information. Technology Association, (BEITA) estimates that British industry produced £12.99bn worth of office equipment last year - everything from micro-computers to chairs - up 15.3. per cent over the previous year. Exports have increased over the past year by 20.1 per cent, to £3.5hn. The two biggest growth

areas in the UK are at opposite ands of the technology spectrum. The office furniture market grew from £428m to £505m, mainly fuelled by the growing demand for systems furniture. The market for computers

went up from £8.7hm to £9.7 hn. One of the biggest controver-sles over the past year in the office equipment market has been the anti-dumping duties imposed on several Japanese manufacturers by the European Commission. Photocopiers, electronic typewriters, dot matrix printers and serial impact printers are now all liable for imposed duties.

It is still not completely clear how those decisions will affect

the price of equipment in Europe, although Wharton reports that Brother and Canon, the two leading Japa-nese manufacturers of electronic typewriters, are already showing curtailed growth as a result, in the photocopier mar-ket, too, Japanese manufactur-ers have lost their price advantage as a result of anti-dumping tariffs, according to the National Business.

Equipment Survey.

The cost of some items of office automation equipment are already double the price charged for similar equipment in the US market, according to Clementson/Nn-Markets. Its report predicts the removal of trade barriers in Europe in 1992 could mean European manufacturers come under pressure from American office equipment manufacturers as well as Japanese ones.

In the office furniture market the promise of 1992 has already persuaded the big American manufacturer, Haworth, to buy a stake in Europe through the acquisition of the Comforto seating divi-



III The office automation sector is the fastest growing sector hin the £200bn worldwide market for business equ and services. In the UK, many innovations in the sector will be featured at the international Business Show at Earls Court. London, October 24-28.

Above: a secretary uses the new AEG Olympia Polyfoni Workstation which has a character-recognition program, developed from one used by the US postal services, for eding hand-written post codes. The system provides a fast and accurate way to automate the tedious data-entry process which is central to many office automation systems. On other pages:

Preparations for a single European market; advances by Japanese manufacturers, page 2.

☐ Office equipment product categories, pages 3-7. ☐ New facilities for the office in the home, page 8.

sion of Vickers. Rationalisation in the European office furniture business through acquisi-tion has been the key to the past six months, with seven companies changing hands.

As the move towards the more automated office is fuelled by customer needs, one of the key trends will be the integration of different types of equipment to do different jobs and from different vendors. Xerox and Wang have ahready

developed personal computers which can link into a facsimile machine, so the document does not have to be printed out before it is transmitted. Rank Xerox is also planning to incorporate a photocopier into the

The office equipment market is being influenced by the services market as well, most notably by developments in telecommunications. For some time companies have been using electronic mail services

systems for communication within buildings, and using dedicated electronic mail networks run by telecommunications companies for their inter-company communications. Mr Blackmore believes other sorts of value-added services over the telephone line, will also become an integral part of office services.

One particular development that is likely to have an impact on businesses is the Integrated Services Digital Network (ISDN), which allows simultaneous voice and data transmission over the ordinary telephone network, using the telephone wires installed in most buildings. As the services are being introduced by telephone companies worldwide; ISDN could be used both nationally and internationally.

Alan Payne, Market Development Manager for office auto-mation manufacturer Wang, believes ISDN services will give customers much more flexibility and will be crucial in integrating different types of equipment - "ISDN will act as a backbone for connecting a very large array of technologies together," he says.

By 1995 there will be over 4m ISDN subscribers in the US, France, Germany and the UK, according to a report from the market research organisation, Ovum. That will mean that 5 per cent of US telephone customers will be using ISDN services by 1994, and the same penetration will be achieved by France and Germany in 1995 and by the UK in 1996. British ISDN service in the UK this

The Ovum report goes on to say that along with the provi-sion of ISDN services there is a new generation of customer equipment emerging to take advantage of them, ranging from office telephone exchanges to boards which turn standard pcs into ISDN communications terminals. The report estimates that ISDN customer equipment is one of the biggest new markets in the electronics or office equipment market, and could be worth \$5bn in the US, UK, France and Germany by 1995.

Other developments in office equipment include the burgeoning market for desktop or geoming market for usakup or corporate publishing, and the increasing use of mobile com-munications, such as cellular radio, which can be linked into the office telephone exchange.

But where does all this leave the paperless office? Wang's Mr Payne believes there is still a long way to go before the paperless office becomes a reality. He estimates that in spite of the accelerating introduction of automation in offices, about 90 per cent of information in companies is still kept in filing cabinets. Mr Blackmore from Rank Xerox agrees with him -we need to recognise that the paper world is not going to go away," he says.

National Business Equipment Survey: 71, Quickswood, Lon-don, NW3 3RT; Wharton Infor-mation Systems: Regal House, London Road, Troickenham, Middlesex, TWI 3QS; Clement-son|Nu-Markets, Worldwide Office Automation: 22, Cardiff ad, Luton, Beds, LUI 1PP; BEITA: 8 Southampton Place, London WC1A 2EF; Ocum Ltd; 7 Rathbone Street, London W1P

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Sanyo's office technology: It sure takes care of business.



Sanyo technology lets you put it all behind you without leaving things undone.

End of day. That's when you can really feel the difference Sanyo's advanced business technology makes. You're relaxed, secure in your accomplishments. Because we design products so you can attend to your business more productively. And enjoy every minute of it-especially when you're heading out.

Successful businesses thrive on hard work. But they flourish on smart thinking. At Sanyo, we're creating intelligent, system products that help you build a business-and a business system—by working smarter, not just harder.

That's the way we've learned you like to take care of business. Because it's the smart solution.



New advances by Japanese manufacturers

A cause for celebration

OFFICE equipment-makers in Japan ere finding cause for celbration in recent advances in the electronic processing of the complex Japenese script, which have enabled significant growth in the word-processor and personal computer mar-

But the exceptional popularity of the fecsimile machine illustrates a continuing reliance, in Japanese offices, upon paper-based communications, notably the hand-written memo.The slow pace of office automation in Japan is one of the factors behind makers' enthusiasm for a vigorous presence in overseas markets.

Trade conflicts abroad, however, especially anti-dumping moves by the European Community, have been a central feature of the office equipment scene during the past year.

A traditional unfamiliarity with, or aversion to, the keyboard, among the Japanese, is finally being eroded by new softwares and innovative keyboard designs which have made the electronic processing of the vast array of Japanese

A FEW months ago the

McKinsey report provided a depressing view of Britain's

electronics industry - the

impression was that it would be difficult for UK companies

to survive until 1992, never

This view, of course, pro-

duced vociferous renunciations

from Plessey and GBC and

other UK conglomerates. But if you take away the government

end defence contracts, the

health of the indigenous UK

computer industry is far from

1992, and the single European

market, will be the saviour of

the UK industry - It will gain us entry into Europe and auto-

matically generate new mar-

But there are two problems

with this simplistic view: first, it also gives Siemens and Phil-

ips, and Nixdorf and Olivetti

and all the other European

Our biggest idea yet just happens

Less than 17 inches across and

Yet for all its size (or, should we

Using the PWP 40 is simplicity

by 80 character backlit display in front

of you. You can move blocks of copy,

ever touch a piece of paper.
As for PWP 40's memory, it's

an external memory via DataDisk.

Each DataDisk has a capacity of

100.000 characters!

simply unforgettable. There's a 42,000

character internal memory as well as

Smith Corona PWP 40 personal word

say, lack of it), there's never been a

weighing in under 17 pounds, the

processor redefines portability.

portable word processor better

itself.

equipped to carry its own weight.

to be our smallest idea yet.

kets and large profits.

The popular view is that

mind beyond it.

low-level clerical work is now being handled on word-procesword-processors is expected to reach a value of Y230bn this from 228,000 in 1984 to a current level of 2.4m, according to the Japan Business Machine

linkage of the units throughout

ideographs practical for the ordinary office worker.

Although networked decision-making at a senior management level is still a long way off, a rising volume of sors. The domestic market for year, up from Y35bn in 1982, while unit sales heve leapt

story of the past year has been that of 'laptop' units in the office market. The level of interest hes been such that makers have been obliged to develop customized local-areanetwork adaptors to facilitate

Toshiba Corp. has led the field, claiming to have sold Yi2bn yen worth of its 18M-compatible laptops in the fiscal year ending March 31st this year, in a market which it estimates totalled Y20bn. The com-pany forecasts Y24bn of laptop

companies access to the UR

market. And, secondly, it will

also give the Americans and the Japanese access to the

same pan-Kuropean market. Indeed, 1992 will benefit most those companies which are

best able to take advantage of

the opportunities - and it has

yet to be proved that any Euro-

pean companies, never mind UK companies, fall into this

Mr Jim Watt, chairman of

the UK OS/2 User Group (OS/2 is the new IRM operating sys-

tem for the PS/2 microcompu-

ter), and managing director of QA Training, thinks the UK's

major difficulty is a cultural

problem stemming primarily from the City of London's atti-

tude towards return on capital.

"We have a difficulty in investing for the future," he

save. "The arrival of a new

microcomputer operating sys-

tem has given European soft-ware companies an ideal oppor-

Category.

Makers Association.

But the outstanding success

sales this year, in a market worth Y40bn, and also recently became the first Japanese company to offer a 32-bit laptop

Industry analyst Steve Myers, of Jardine Fleming, notes that for Toshiba to go from nowhere to 10 percent of the entire PC market in just 18 months with a product incompatible with any other then on sale is most remarkable.

The growing acceptance of

isptops is likely to have a strong effect on the future mar-keting strategies of leading firms, and appears to offer sup-port to the hasic marketing philosophy of NEC, which has promoted PC's as elements of apwardly expandable personal information systems, rather than as terminals for large computer systems - the domi-nant approach of most other

The future direction of the market is also closely ited to user interest in 32-bit equipment. Demand is expected to grow rapidly, because these machines, equipped with IBM's recently introduced OS/2 operating system, offer a solution to the limited memory addres-sability and multi-tasking support of 16-bit machines working on MS/DOS.
This limitation is felt more

keenly than in the West, because of the high volume of data that must be processed when handling Japanese IBM Japan has already managed to establish prominence in this arens by introducing the versatile SMART packaged software for its PS/65, the Japanese version of IBM's 33-bit PS/

The Japan Electronic Indu try Association expects that in Japan will reach 460,000 by 1991, in a domestic market worth Y1,072bn, while 16-bit machines will level off at current volume of approximately 1.25m units a year.

Japanese laptops are also doing well in overseas mar-

kets, with NEC and Toshiba models now leading the field in the U.S. This marks a particu-lar achievement for MEC. whose MultiSpeed unit is topranked, since the company suffered in the U.S. Initially, after naistelessity attempting to mar-ket machines which had not been redesigned to suit local accounting and business prac-

Taking office equipment as a whole, however, it is still the facsimile which remains supreme in Japan; a facsimile mber is now in fact as essential as a telephone number

recent survey estimated that over 130 m units are now in place to offices across the

Production of facsimiles doubled in one year between 1986/ 7, reaching a total of Y2.4m units last year, with 1.5m units exported, according to MITI.

The durkest clouds over the office equipment scene are to be found in Europe, where Japanese uniters are incensed by implementations of the so-called 'screwdriver law,' introduced by the EC in Jane 1997 to the second of artistic and the so-called second of artistic and the second of artistic and 1987 as an extension of anti-

dumping legislation. In March this year, 'screw-driver' penalties were slapped on four Japanese typewriter producers operating in Europe: Sharp, Matsushita and Silver Reed, all based in Britain, and Canon Bretagne in France. In September, makers of pho-

tocopiers found themselves facing a similar action. Japanese printer-makers have also recently been accused of direct dumping of their goods. In the latter case the Japanese elec-tropic printer makers are vehemently asserting that the EEC dumping rolling has been based on an illogical comparison of down-market personal computer printers with heavy-duty European-made units designed

for use with mainframes. Those facing 'screwdriver' levies are arguing either that they have met local component quotas, or that a higher imported component quota should be allowed during a business 'start-up' period. In addition, Japanese makers assert that it is often impossible to meet local parts quotas because European components can be unreliable in quality

An underlying Japanese fear is that failure to establish a viable presence within Rurope in the near future could lead to them being excluded from key sectors after the 1992 BC unifi-

On the fringe of the office.

market, makers of the new con-cept 'electronic notebooks', a folder-type calculator which includes personal schedule. phone directory, calendar and other functions, have carved out a new niche of their own, going some way towards achieving their objective of adding value to conventional low-end calculator products, a sector now almost entirely abandoned to rivals in the

NE's. Sharp's innovative PA 7000 which features shot in cards giving information on speci-alised subjects, such as costanalysis', 'salesman' and 'translation' cards, has established itself as the industry design standard, with sales of over 100,000 per month, priced at Y19,000 per unit, early this

Another success is the handheld photocopier, pioneered by Plus Co. Variations on this concept which feature a bandheld scenner which can transmit images and data to remote terminals, appear to hold future promise.

Preparations for a single European market

More alliances planned

tunity to compete with American software on equal terms. But when I look around, the only serious development I can see is in America.

"In the UK we need profit immediately - but American and Japanese companies are able to finance more long-term

Challenged with the frequent City assertion that there is just as much venture capital available in Britain as the US. Mr Watt replies: Twe seen little proof of that. But I do know that if I had a great idea for a new product, I would be unable to fund it from UK sources, but would have little difficulty in the US. What saddens me is

a breakthrough

The Smith Corona PWP 48 Personal Word Processor

Of course, PWP 40 wouldn't be

The Spell-Right" 50,000 word

complete without a correction sys-

tem. And this one makes correcting

dictionary catches misspelled words

the correct spelling and replaces the

numbering, bold type, dual pitch and

You see, we didn't just make

much more, and you've got a lot of

surprisingly affordable.

it simple to buy.

Add deluxe features like auto-

error for you.

Your writing appears on the 8 line matic reformatting, automatic page

and typing errors quicker than you

mistakes as easy as making them.

oport

quality of UK and European software developers, I can see nothing but US dominance in microcomputer software continuing indefinitely.

"I think exactly the same problem exists throughout the UK's information technology industry."

This is a view shared by the UK marketing consultant, Mr Eric Leach – "the most damn-ing reason for the UK's lack of success in Europe is a lack of ambition. The US and Japanese success is, in part, attrib-utable to their persistence and financial resources - succeeding in a new country at per-

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haps the second or third sitempt." He is not, however, totally

pessimistic - "1992 will not improve any of our existing problems. But we do have a significant marketing advantage: UK vendors are typically more attimed to the cultural diversity throughout Europe than are US and Japanese ven-

But will 1992 improve any thing for the computer and business equipment sectors? The combined effect of 1992 and European computer standards, says Rod Matthews, director of Neiwork Systems at RCL, will provide "a nice flat playing field. The problem is that it provides the same flat surface for all the teams, both friend and foe."

Mr Matthews is particularly concerned with the develop-ment of international computer standards, and is the only person to sit on both the European SPAG and US COS stan-dards bodies. He does not believe that all the problems for UK companies are going to come from other European

"In many cases," he adds, some of the American companies are aiready more Turo-

pean' than we are. The implication is that more US companies already have a large European presence with their own European headquar-ters than UK companies. But some of these American manufacturers take an even stronger view. IBM, for example, employs more than 100,000 people throughout Europe. The erganisation supports 57,000 more in supplier companies. and has 1800 agents and 2000 dealers.

'is European succes," asks C Michael Armstrong, Presi-dent Directeur Ocneral of ISM Surope SA. investment in local industry and European sourcing of products? If it is, then contrast IBM, which builds more than \$2% of its product content in Europe, and has 15 European manufactur-ing plants, with other Europeen Il companies which are increasingly dependent on Far

Eastern sources." (It is a sobering thought that according to this argument, Hilf is more Europeen and per-baps more British than, say, Amstrad).

"Compare these companies' investment policies," continues Armstrong, "with the \$1.2hm dollars of capital we have invested in Europe in the last

two years alone.
"IBM," he concludes, "is the most European company in the

ICL's Matthews has no illusions about the difficulties

ahead, not just for UK companies seeking to increase mar-ket share in Europe, but fer European companies striving to prevent increased penetra-tion from America and Japan, Tir's almost too late to be

thinking about strategies for 1892," he says. "Plans should have been laid long ago." Armstrong agrees - "1992 may be a turning point; it cannot he the starting point. Scarcely a day passes in the IT sector without a joint venture, alliance or other link up being announced between comple-

mentary - and often competitor - companies." Consider Olivetti: in Italy, the company it has a factory

treat the world as a single global market. For this, it does not believe that any single company can provide all the necessary products: so interna-tional strategic alliances will be inevitable.

Roy Garrier

Takyo

Siemens in Germany takes a similar view, but likes to think of itself at a besically German company which will concentrate first on the European

As regards computerised business equipment, the UK picture, one has to say, is not encouraging, Market analysts point out that many British manufacturers are having diffi-culty in maintaining UK markat abares, even today. Faced

Scarcely a day passes in the information technology sector without a new joint venture or alliance being announced between complementary or even competing companies

which it shares with Canon. The factory produces photo-copiers - and they are the same photocopiers. When they come out of the factory, some are labelled Olivetti and some are labelled Canon. Olivetti and Canon co-operate in the manufacture; but once the machines are out of the factory, then the Olivetti sales force will com-pete directly with the Canon sales organisation to sell the same product into the same

This is the sort of interna-tional co-operation which the business equipment sector can. expects to see increase over the next few years. The Dutch giant, Philips, believes that the answer is to think not in

from Europe after 1992, and ever-increasing competition from America and Japan after that, we can probably expect to see two or three European electronics companies in the world's top 20 electronies companies, in ten years time - but none of them will be UK com-

with increased competition

As regards bryestment in computer equipment, some would mighe that many UK companies must change their blinkered approach. The mar-ket challenges of 1992 and beyond means that the availability of genuine venture capithis in the sector is crucial.

FT surveys on business communications

AMONG FT surveys this year which featured office automa-tion and business communica-

tions were:

Computers in Busines

Thursday, May 26.

Caropean Telecommunications, Wednesday, May 11.

Copen Systems and Computing Standards, Monday,

Mobile Communications,

tel.01.248.8000,

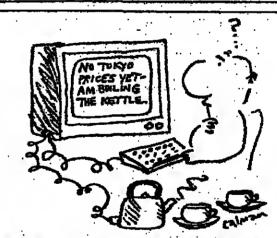
and equipment

office,

Monday, September 12.

Personal Computers, Priday, September 16.

Among future surveys on computer technology will be: ☐ Information Technology in Finance, to be published on Thursday, November 10, 1988. An editorial synopsis is available from the FT London



You need . . . the right number of sockets The wires not just out of sight, but also safely separated from power and phone lines.

Storage for delicate discs and bulky manuals. Lighting focused on the work in hand, not on the screen or in your eyes. Adjustable supports for VDUs and

And when the time comes to buy new computers, you should be able to replan the furniture, with one or two new components. Not replace it altogether.

You can do all these things with systems furniture. It saves space (up to 25% compared with conventional furniture). It's tailored to fit your needs. And you can change it around when those needs change

Herman Miller invented systems furniture

Today, over three million people work in offices planned and furnished by Herman Miller. To find out why, just contact us by fax, by phone, or by post. We'll send you the information you need. An invitation to one of our management seminars And some more

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D Please send details of the new Smith Corona Product Range. ☐ Please ask a representative to contact me. Company: Address: Post Code: Telephone:

Hanson

can. WordEraser erases your errors. Word-Right AutoSpell even displays insert copy into existing paragraphs or delete copy in seconds. All before you ever touch a piece of paper.

word processor in a surprisingly small package.

There is one other thing that will surprise you about PWP 40. Its price. You'll be happy to hear that PWP 40 is PWP 40 simple to use. We also made

OFFICE EQUIPMENT 3

THE COPIER MARKET

Poised for a year of high activity

THE UK copier market, the third largest in Europe, looks set for a great deal of activity during 1989 through to 1990. Currently worth some £450m with units sales toping 150,000 annually, further strong growth is forecast by the manofacturers well into the 1990s, with new markets about to

The high speed market, currently dominated by Kodak, Nashua (IBM), Oca and Rank Xerox, is set to gather momen-tum as more Japanese seek a share. Digital technology, which not only offers more sophisticated editing and colour but integration with other OA technologies such as fac-simile, should take off as we move towards the era of ISDN (International Services Digital Network).

The personal copier sector, urrently dominated by Canon. is likely to become a very crowded sector over the next 12 months as more companies seek to follow the US trend and sell products through mass market outlets.

The reason for all this activity is simple enough. The computer sets the pace of business life today, bringing a new sense of urgency to everything we do. Where once we accepted having to wait for information, we now expect to receive it on the spot, because we know it is

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Water Street

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possible.

The problem is computer printers cannot handle multiyou still need a copier and sophisticated paper handling facilities for that. However, because of the need for greater productivity, users are now demanding machines at the point of use; they no longer have the time nor the patience to stand in a queue to use a

central resource. It is a trend that the Japanese manufacturers have seen coming, hence the reason why a number new entrants in the 45-plus copies a minute sector are expected in 1989. In the last three months, Gesteter, Rank Xerox and Toshiba have all launched 55cpm machines.

Confirming the trend, the latest National Business Equipment Survey shows that high speed copiers accounted for 12% of all placements in 1987 compared with 7% in 1986, with

20% predicted for 1988; Conversely, 13-25 cpm machines accounted for 42% in 1987 compared with 46% in 1986. NBES figures also show that 70% of all copiers sold in the UK were replacement. machines, highlighting the demand from existing users for newer technology equipment. It is a trend confirmed by Sharp which says that copiers are replaced, on average, every 21/2 years.

However, with decentralisation, copiers are not necessar-ily being replaced on a one-forone basis. The one central copier is often being replaced by three of four machines that cater for particular departmen-

Jolyon Baldwin, a director of Canon(UK) believes that we

THE COPIER market has long been one of the most . competitive in the office

adding 'little extras' into their

although recent surveys show

Most copiers are sold through dealers - "it's usually

off the manufacturer's recommended retail price on

the majority of copies, sometimes more - and that's on a one-off single machine

sale," comments the 110-page

While a few suppliers still have a strict no discount policy, a salesman's quoted

list' price may be considerably

manufacturer's suggested list

price - "in this way, some dealers can offer what looks

without having to eat into

their margins or pass any savings on to the customer,"

like generous discounts

report by What to Buy for

higher than the

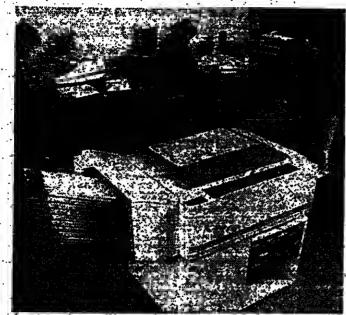
ble to get 25% discount

equipment sector. This, in turn, has fuelled a features war, with manufacturers

revammed copier ranges

that basic features and reliability matter most to

end-users.



laced on a one-for-one basis. Reports show that one ce copier is often being replaced with as many as three or four rs are also becoming highly selective: downtime for out-of-ection machines is no longer

its new ColorEdge, the first installation having taken place earlier this month. Spot colour has been available on office are seeing the beginnings of a dramatic change in the way organisations plan for copier purchasing — I see the large copier-duplicator as a machine copiers for some time, but it for the print and production department; the high speed machine, complete with sorter has not really taken off, but, as Tom Primett of Minolta explained: "It has to be easy to and stapler, for departmental use; digital copiers with sophis-ticated editing and colour for the design studio, for example; to press 15 buttons and go through complicated editing routines. Two buttons is quite and maintenance-free personal plain paper copiers for the senior executive and his secre-It is for that reason, he says, that the Simul-Color concept

is doing remarkably well." John Owen of Sharp believes that modularity will be an increasing trend, not least because it makes it easier to But full-colour could prove the winner in the longer-term. Jolyou Baldwin comments: There is no doubt that once a company installs a colour copier, then they start using it for tailor a machine for specific users — not all departments want the same facilities. Some more applications. Some of our might want to copy lots of originals, other may want to procustomers are doing some very high volumes todeed, far more than anybody expected." duce multi-part sets. Others may want to copy from books

Executive director of Konica (UK), John Daniels, believes that the market will begin to and magazines, others to copy large-size originals. "If you have a basic machin emerge as new developments in the pipeline lead to lower prices — "for example, in e where everything is optional, even the platen cover, then you can build the copier to suit Japan we have just amounced a digital colour copler, the 8010, which will be considera-bly lower in cost than the Color 7 because it is a plain paper rather than photodo not see a clear market yet for colour, others, like Canon

and Konica, are more optimis-tic. Yet again, its fortunes may be determined by the PC marketplace. Material for prepractice machine."
No date has been set for the
European launch. Plans are
also afoot within Infotec to. sentations to clients and management is increasingly prointroduce a colour copier manufactured by Ricoh. Paul Denny revealed: "Its code Statistics in the form of graphs and charts is a normal name is NC11 and it will be a fully-featured machine with requirement. No one can argue sorter, cassettes, zoom, and so that the use of colour adds on, capable of producing colour impact to any presentation. That is why colour monitors copies at 5ppm or block and white at 22cpm." It is too early to set a price, and colour printers are becom-

ing more popular.

For the moment, most people of course, but Mr Denny would would go to a service bureau hope for something in the £7-8,000 bracket. for colour copies, presentation slides and overheads, which is

Another very interesting prospect on the horizon hints why Kodak has high hopes for

EP-370z, Mita DC-1787).

| Mid-volume copiers (for

15,000-30,000 copies a month). Panasonic FP-3007 and FP-3040;

(good value: the Mita DC-2105 and DC-2055; Toshiba BD-7610;

Sharp SF-8500; Minolta EP-425Z

Simul-Colour.

Upper-mid volume copiers (up to 40,000 copies a month):

Sharp SP-8800 and Mita DC-4085; (good value: Mita DC-4055, Canon NP-4540-ADF

and RDF).

[High volume copiers
(50,000 to 60,000 copies a
month): Ricoh F15590/6620 plus

the Xerox 1050RH and Xerox

FP-4650, Mita DC-5585, Oce1750,

and Konica U-Bix 550Z.

Giant copiers (Le: 60cpm
-70cpm models, designed for up to 100,000 copies a month):
Konica U-Bix 700ZA and Xerox

1065 (ADF/Finisher); (Sharp, Canon and Oce machines also

featured in the 'worth a look'

*What to Buy for Business: 11 Kings Road, London SW3

Michael Wiltshire

list of this category).

4RP; tel.01.730 0403

5652 machines: (good value: Ricoh FT5580, Panasonic

volumes of between

"we will launch the 5010 digital copier next year and I believe it will offer the option at a later date of a plug-in fax card," he says, but could give no price — he felt that "a comno price - he felt that "a complete package for under £10,000 would be nice."

With higher epecds and cophisticated facilities, machine availability becomes a major issue; downtime of any equipment is no longer considered acceptable in larg organi-

Winning copier contracts, then, is not quite as easy as it might once have been. Highlighting this point, Birming-ham City Council City Supplies Office took five months to make a decision about a pre-ferred supplier for its large

iser community.

In the event, a three-year contract was signed with Oca Copiers for the supply of some 800-1,000 copiers; the deal being clinched because it had a proven service track record. proven service track record. It for exactly the same reason that European manufacturers, including Rank Xerox and Agfa, continue to be so successful with major accounts.

At the personal end of the that machines don't need any maintenance, except for replacing the drum and toner which is in one customer-replaceable

With an eye on a market currently dominated by Canon, full-featured personal copiers costing around £500-£700 are now available from Minolta, Olivetti, Olympia and Rank

Sharp and Infotec have plans for 1989, while others are poised with products in the backroom but have yet to decide to take the plunge. Yes, 1989 should indeed prove a very interesting year for coni-ers. What was that they said about the paperless office?



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on essential matters for today's business. As you might expect, Jim Cattini's company

is exhibiting at IBS '88. He doesn't want to miss the opportunity. Nor, dare we say it, should you.

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FT-19/10

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World copier market could reach \$43bn by 1991 impossible to find a company who would back him. Even the SATURDAY, October 22, 1988

marks the 50th anniversary of xerography, the inspiration of Chester Carlton. The process was invented as a solution to a problem within the patents department of electronic firms, P.R. Mallory & Co, where he With never enough carbon

copies of patent specifications, he thought that not only his company but the world needed an inexpensive method of prodncing fast copies. But having spent months developing the principle of the xerographic process, he found it almost since then speak for them-

National Inventors' Council dismissed his work.

Difficult choice for buyers

says the report which adds that 'cost per copy' rates are generally just as negotiable

as purchase prices." A number of dealer-based.

respectable ratings on service,

which rely more on direct sales

and give very mean discounts." In a user-survey of 244 copier

models from 24 manufacturers, the report gives a recommendations short-list

of best-buys and good values

for a wide range of machines:

Mini copiers (for under

Z-50; (good value: the Canon

☐ Low-volume non-A3

1,000 copies per month): Sharp

copiers (for between 1,000 and 3/4,000 copies a month, though some machines in this sector

handle up to 7,000 copies a month): Sharp SF-7300 and the

Mita DC-1255; (good value: the Mita DC-1205; Konica U-Bix

☐ Low-volume A3 copiers

Sharp 7750; (good value:

Sharp SF-7700, Canon NP-1215,

Konica U-Bix 150, Panasonic FP-1510, Mita DC-1655, Minolta

112; Sharp SF-7350).

high-discount suppliers emerged with "very

and easily beat companies

Undaunted, he eventually found a non-profit organisa-tion, Battalle, willing to develop the process and share the royalties. Three years later, they entered into an agreement with a small photo-paper com-pany called Harold, later to be known as Xerox.

It was not until 1959, however, that the first plain paper copier was introduced. Events

selves. Rank Xerox is now a multi-product company marketing not only copiers but electronic typewriters, facsim-ile machines, laser printers and electronic publishing systems. In 1987, its revenues were £2.2bn, 15 per cent up on

The world market for plain paper copiers was worth Dataquest, the American market research company, and will reach \$48bn by 1991.

Julie Harnett

COMPUTER PRINTERS

Colourful era ahead

THERE ARE two major treads in computer printers. Users are moving away from character and towards page-based printers; furthermore, there is a move from monochrome towards full colour printers.

So, while the market is currently dominated by black and white impact dot-mairix printers, we shall increasingly see the rise of both culour and page printers over the next

Colour is an interesting subject: not everybody is convinced that it is advantageous. We are accustomed, after all, to black and white information in the office: colour is used only for the presentation of data summaries, not for the general distribution of the data itself.

But did we standardise on black and white simply because that was all we had?

Aithough the sales of colour printers are increasing, the market share of colour dot-matrix printers is declining quite substantially. But this is probably a reflection more on the suitability of dot-matrix technology to colour than on the future of colour itself.

All colour printers use the same basic colour technology: the intermixing of tiny dots in the three primary colours of yellow, magenta and greenish bine cyan. The eye confuses the distinction between the dots and perceives different colours – just like a television screen. It follows that the smaller the dots and the larger their number, the greater the variety and subliety of the colours available.

Although dot matrix printers are increasingly moving towards the use of 24 pins to create the matrix, the majority of dot matrix printers cannot produce a sufficient number of different colours at an acceptable speed.

The two most successful colour technologies are currently bubble-jet (a variant of ink-jet technology) and thermal wax transfer. This latter system can provide excellent results; but with prices starting from about £5,000 (and more usually closer to £10,000), they are expensive to buy and to operate.

Bubble-jet technology provides a result that is better than colour dot-matrix and cheaper than thermal transfer. It is a technology that Canon claims as its own, but one that is also being developed by Hewlett-Packard; it is reported that the two companies have a technology-transfer agreement.

Bubble-jet printers are inherently simpler; and both Canon and Hewlett-Packard believe that this is the way forward for colour printers. This is interesting in itself since Canon is the most successful manufacturer of the world's most successful printer technology of the late 1980s: the laser printer. And Hewlett-Packard, of course,

of Canon laser printers.

The latest dot matrix printers can produce a resolution of up to (and a little beyond) 360 dots per inch. This is identical to the majority of xerographic printers, although the latest generation of laser printers can produce up to 600 dots

is the most successful volume seller (with its LaserJet series)

Looking ahead, bubble-jet printers are likely to link up with the new colour scanners to provide completely integrated office equipment stations. The scanner will digitise images, the computer will be able to edit if, and the printer will produce hard copies. The combination will be used as the office scanner, the office printer, the office copier (colour, of course), and the office factinitie machine (colour sgain) – four stations, all in colour and with the power of PC editing, for the

Kevin Townsond

Big boost for the facsimile equipment industry

A period of dynamic growth

FACSIMILE is one of the most dynamic sectors of the business communications market. Sales are growing at a profigious rate and suppliers have been queuing up to enter the

In Britain, before the recent postal strike, installations reached the 250,006-mark, according to figures published by the British Facsimile Consultative Committee, (RFECC). During the first six months of 1988, over 96,000 terminals were sold, and with sales being given an extra hapetons by the postal strike, the forecast of 150,000 sales for 1988 is Hisly to be comfortably exceeded. This is a far cry from 1984, when total installations numbered only to the

bered only 10,960.

In the UK, the strike was a great hoost for the facsimile industry, since the severe postal disruptions brought home vividity the speedy benefits.

This of fax systems.

Simple to use and with a large user base, such systems will transmit text or graphics in seconds over trisphone lines for the price of a call. Indeed, Frank Woolley, facsimile sales manager for Mitsphishi Electric, one of the recent entrants to the market, said: "I am tempted to hope that there are regular postal strikest"

During the month of the postal strike, the company's sales doubled.

Maira Poliard, marketing manager for intersess Commun-

nication Systems, also reported a doubling of sales said that there were signs that more documents will continue to be sent by fax from now on, rather than by post.

The fax phenomenon—which has to do with commualcation in the purest sense of
the word—is one in which,
appropriately, the news media
itself is actively participating.
Most national and regional
newspaper and knowleasting
organisations, for example,
have instelled fax—the printing, publishing and madia sectors are among the top five
purchasing groups of fax in the
UK—a according to the
National Business Regionaria
Survey—equal to 15% of the
fax market; professional services represent 15%; manufacturing ladinary, 14%; and gov-

exament departments, 12%.

Facsimile really began to take off with the introduction of common standards. Before these were agreed, only fax machines manufactured by the same company could containstate with each other, thus dividing the market up into several closed mer-groups.

neveral closed user-groups.
Taday's machines conform to one of four standards—groups one, four, there and four. Group one and two me victually obsolete, and the sector is currently dominated by group three machines, which account for over 95 per cent of the market.

These machines can, by and

large, transmit an A4 page in under 30 seconds, as opposed to three and six minutes, respectively, for group one and two machines.

Many suppliers now claim transmission times of anything between ten and twenty secands, but this can be misleading. To actions such a speed,

Some fex suppliers in Britain saw sales double during the recent poetal strike

the machine would have to be "talking" to a terminal of the same constitution and transmitting on a period telephone

Because users are at the mency of the quality of the sunlague telephone lines, the fourth standard, group four, has yet to make any real impact in Britain, although it is widestread in Japan.

is widespread in Japan.

Designed to operate over digital lines, group four maricines will only start to make a deat in group three's supremacy in the UK when BT has complisted its digitised network in the early 1890s. Meanwhile, NEC and Canon are surroug successfulness with group four machines in the UK market.

The past year has witnessed a dramatic increase in the number of suppliers. Companies such as Toshiba, Mitsubishi, Fujitsu, Ferranti, Teli, Minolta, Hitachi, Betacum, Nashua, Ricoh, Oliwetti, Olympia, and Gestetner have all suzered the fray. And with Philips poked to announce a range of three models in November and ramours that Alex Sugar's Assetted is also set to issuch a new product, activity in the market could

hecome even more franctic.

Despite the number of suppliers, the market is currently doeshated by ten major companies. According to the Rational Business Equipment Survey (RDES), these companies accordated for over 98 per cent of the UK accounted for 38 per cent of the market; Canon, 17 per cent, helotoc, 10 per cent, and Panasonic, 18 per

Methods of distribution invealso changed. Free or six years ago, must sales in the UK were made directly by a manufacturer's own sales face. Now it is ticalors who headle the majority of sales, chims NECS. In 1996, sales were divided roughly fifty-fifty between dealers and manufacturers. In 1987 dealers accounted for 62

per cent of fax siles.

At one time, fax was very much a "big business purchase" — now the technology is within the reach of even the smallest company. Consequently, manufacturers lead encouraged desicrs to enser the market. NBES also predicts that, as prices plummet, the high street multiples will play

that, as prices plummet, the high street multiples will play an increasingly important role. One of the major growth areas is in the low-cost machine. Typically priced ander £1,500, these machines feature sophisticated functions, such as automatic dialling, sequential isometasting (sending the same message automathally to several necipients) and polling (a facility wisersby a terminal calls other machines to message associated messages).

Prices are continuing to fall. In April, British Telecom introduced the first sub £1,000 model, the CPA, priced at £285. Following hard on the heels of this amnouncement, Following that communications introduced at £285. Betacom has gone one better and issuached a machine for £790, excluding VAT.

Heducing costs on these machines has meent enting some chies has meent enting some of the facilities, such as an automatic guillotine. This facility is not essential if nears tend to receive only one or two-page documents, but it does become a nulsance if you are sent a ten-page document and it is received as a continuous roll of review.

There is considerable activity at both ends of the manket, with many companies introducing sophisticated memory machines. These instruments can store documents in background mode, allowing the terminal to send or receive documents while text is in the memory. They are a bour if you want to send the same information to many different addresses, since the facility removes the need to refeed the document constantly. Memory capacity varies from 20 to 1,000

pages.

Fax memory cannot be used as permanent data storage, because once the document has been transmitted, it is automatically deleted. By the same token, when the memory is full, if the user enters another page, the first document loaded will be deleted.

What a memory fax generally cannot do is store an incoming message — unless there is a special mailbox facility provided, which allows users to access documents by keying in their own special code.

Fax networking is also becoming increasingly popular. This entails linking several machines from the same manufacturer, based around the

sophisticated memory machine. In this way, non-memory machines attached to the network can share some of the facilities of the memory machines. It also sllows users to benefit from the proprietary features, such as error correction and fast modes. The network is not distance sensitive—it could, for example, be in one office block or dotted around the country.

Facsimile, for all its sophistication, is still limited by the quality of the telephone-line transmission. If there is a lot of noise on the line, then blocks of text may become illegible. Several companies have launched arror-correction machines, which transmit data in "packets" of a predeter-

If the receiving machine receives a packet that is not of the correct length, then it realises that there is noise on the line and asks the machine to

Most of error-correction systems are proprietary models and therefore only work with machines of the same manufacturer, and, in some cases, the same model number.

However, the CCITT (the International Consultative Committee for Telephones and Telegraphs) has established an error-correction standard that will work between machines of different manufacturers. So far, Panasonic is the only company to introduce a model with this facility. This feature will

PC-fax systems have great potential

come into its own only when most machines have such a capability and all the machines currently on sale would not be able to make use of the facility.

The integration of faceimile with computers is the next major step forward, and there are a number of ways this can be achieved. The most popular appears to be PC-fax boards which plug into personal computers.

At present, there are only two models on the market, the pioneer system, Gammalink from Comwave and the C-Fax from Communicate, which is also distributed by Interscan and Mürhead and priced in the region of £1,000. These machines turn a PC into a sophisticated fax machine featuring a large meanury for storing documents, auto-disling facilities, politing and so on disling takes place on the computer keyboard.

Both these boards work in background mode, allowing the computer operator to continue working whilst receiving docu-

The UK market for PC-fax is at present very small, numbering around 2,000. However, according to Oliver Tucker, sales and marketing manager of Communicate, "the market is shortly to be blown wide open." The group plans to launch a plug-in board for IRM machines or compatible models that will provide the computer with four facsimile transmission facilities to group three standards, for under £200.

The card is a send-only device, but a simple upgrade path provides send-and-receive capability, and additional communication facilities, which, claim the company, turns a PC into a top-of-the-range facsimile machine.

Jonathan Moggridge
The author is Editor of Lines
Communication' manazine.

Highly competitive sector

AFTER the US and Japan, the UK is the third largest market for fax in the world. There are now around 85 different suppliers of fax equipment in Britain alone, where the installed base is expected to rise to well over 300,000 by the end of the year.

Worldwide there are around

Worldwide there are around find fax-users and few industry watchers would be surprised if this doubled by 1890.

There are already at least 130 models available in this highly competitive sector—

"fax is a high-discount"

market," says the consumer market," says the consumer magazine, What to Buy For Business' — "most dealers operate on margins of at least 35%, and often more than that — and almost all can afford to knock large amounts off their machine prices of it's the only way of getting your husiness. "Meanwhile, fax machines are becoming more packed with features and added capabilities.

I Among the 'best-buys' recommended by WTB for non-memory fax machines, (ranging in price from £950 to £1,850) are:

The compact, semi-portable interscan F20 (the Nashna

F810); the well-designed Sharp FO-150; Panasonic UF-150; Cinterscan Panafax UF-150; British Telecom AD70); the Interscan ImageMate; British Telecom AD200 (Panasonic UF-250; Interscan Panafax UF-250); Infotec \$152.

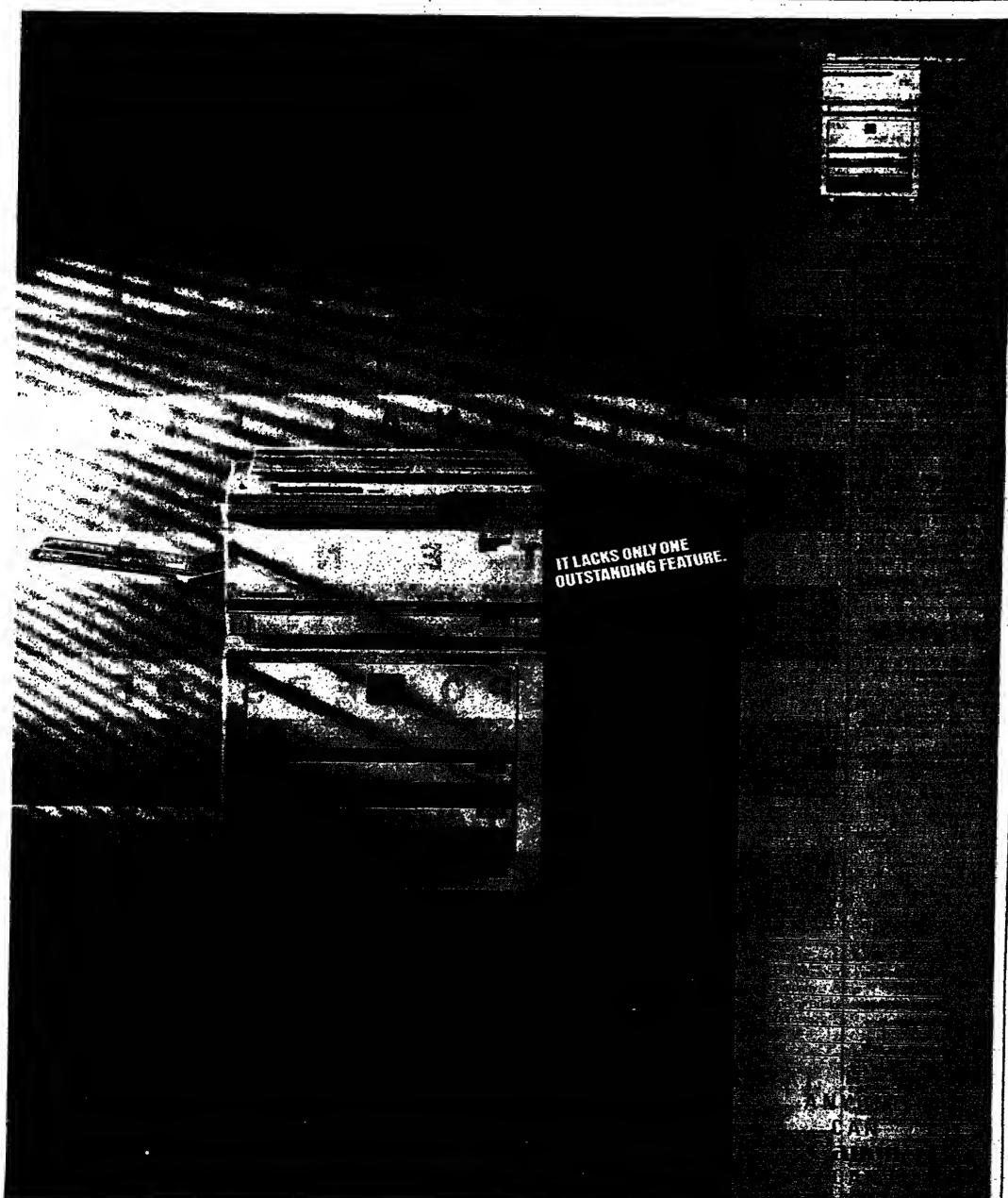
Thirty-five other machines are listed in the "good value" and "worth-a-look" categories.

I Becommended best-buys' in the WTB report (available from 11, Kings Road, London, SW3 4RP) for memory-based fax machines, which range in price from £1,875 to £3,150, include: the Canon Fax 410—"a budget memory model"; Interscan Image Master (Nashun F730)—"a proven work-borse"; Canon Fax-738 (Olivetti TLM910)—"outstanding value"; Harris! 3M, with high-specification auto-dialier and programmed

In all, 16 other memory-based machines are listed in the "good value" and "worth-a-look" categories.

"worth-a-look" categories:
"Some muchines are sold under more than one brand

, MA



OFFICE EQUIPMENT 5

New generation telephone equipment

Increase in competition seen as costs fall

ingly competitive since liberal-isation, with large numbers of companies jumping in to take advantage of what they saw as a potential goldmine.

The fact of the matter was that sales did not leap over-night. Users did not instantly change their systems so there were not the fortunes to be normally available on the most sophisticated PABX. For exam-ple, subscribers will be able to divert calls, have call-barring, have three-way conferencing, and repeat the last number change their systems so there were not the fortunes to be made. Nevertheless, the competition spawned a growing awareness of the advances in telecommunications — and the commercial benefits that would accrue from the effective were of madern technology.

tive use of modern technology - as well as a range of competitive systems each with a list of features that the manufacther hoped would enable him to obtain a competitive edge. We are being regularly regaled with the benefits that

THE UK telecommunications market has become exceed-ingly competitive since liberal-

However, it should be noted that the falling cost of electronics has resulted in lower enduser prices for telephone instruments. A basic business telephone with about ten memories to some frequently used numbers will only cost around each

regaled with the benefits that will result from ISDN, the integrated services digital network. Even though introduction will start shortly, it will be a year or two before it will be widely available.

Nevertheless, Star services, available on BT's digital exchanges are some of the most tangible benefits of network modernisation. They enable customers with individual lines to enjoy facilities only Even incorporating a hundred memories, hands-free operation and a display which shows the number being dialled and times the duration

power saving and the ability to provide a migration path to inture services. Features offered by a mod-

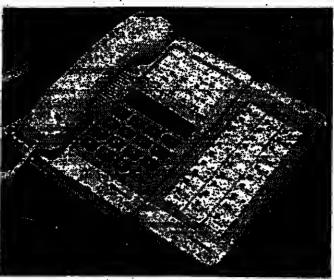
features offered by a mod-ern digital PABX include call forwarding, call divert and con-ference calls. The market leader in the UK is the ISDX system from GPT (GEC Pleasey Telecommunications). It is claimed to have captured around 70 per cent of the UK

market.

A private network built up using these PABXs is able to support its features across the whole network as well as providing a uniform number plan so that it is no longer neces-sary to look-up tie-line and site codes prior to making a call. Networks generally consist of separate PAEXs at each site

of separate PARKS at each site with interconnecting links. Today, with 30-channel links and ISDN compatible switches such a network will take the form of a private ISDN so enabling an organisation to take advantage of it before ISDN is available in the public network.

Mr Mike Hart, group market-ing manager, telecoms, at Phil-ips Business Systems, points out that it is important to pur-chasers of digital PABXs that during the installed life of a PABX, as digital services become available with ISDN become available with ISDN, and as digital terminal prices



has a built-in direct station selection console.

ogne card replacement must be possible. This will obviate the high cost of major re-engineer-ing or system changing and ensure that the cost of migra-tion to the benefits of ISDN is

Large organisations, such as the banks and insurance com-pantes, have telephone net-

fall, a simple digital for analogue card replacement must be offices. These include offices employing thousands of people down to small branches with half a dozen or so staff.

Major companies, such as Philips, which supply complete systems to these organisations are fully aware of the need for switches to interwork. For example, the Sopho-S50 and - S100 are digital PARXs designed for the smaller business. The former has a capacity from between 8 to 48 extensions while the latter supports up to 96. Not only they provide this upgrade path, they can interwork with other PABXs.

At present, even though such exchanges are digital, the majority of extensions are As and when demand occurs,

As and when demand occurs, as referred to above by Mike Hart, it will be a simple task to change the line cards to enable digital instruments to be connected. This can be done on a piecemeal basis with digital terminals only being installed where needed.

Norton Telecommunications, the third largest UK supplier of keysystems and PABXs, is the UK division of the multi-milion pound Siemens organisa-tion. According to its group product manager, Mr Andrew Knott, many of the UK compa-nies adopt a parochial approach where their only commitment is to UK stan-dards and are not really dards and are not really

cards and are not really looking to the future.

"As the European open market emerges, companies must start to communicate on a European level . . . what we must do is to help secure today's benefits, but keep an eye on Europe as we must also

offer UK companies a path to European communications. It's all a question of being able to deal with today's issues, but be prepared for tomorrow's oppor-tunities."

while this is absolutely correct, it must be borne in mind that the telephone network has been developed on the basis that any telephone can connect with any other part of the world. Obviously, this is at the lowest common denominator level of plain voice with very few plain voice with very few enhanced features. But even there, developments are afoot. GPT Telecommunications Systems is about to launch a telephone system with an integral fire/burglar alarm security

The first in a range of "Lifes tyle" products the GPT 4 Tel Pins unit consists of a four-way telephone system from a single line with an intercom facility. It is compatible with standard phones, facsimile machines

and answering machines. It is also a self-contained security system for fire or theft. An automatic dial alert call a predetermined number and, when answered, its simulated voice repeats the alert message three times. The 4 Tel Plus has application in the home - and especially for the office in the home - or even

connection inspection (PCI) prior to connection to the pub-lic telephone line. Thus, they can be installed on a DIY basis.
National Telephone Systems
is a company offering a range
of PABES starting with the London 8. This is of modular design for maximum flexibility. Its motherboard contains all common user and switching functions with eight ports, designated as extensions or exchange lines, housed on plug-in daughter boards. Thus, the desired configuration is achieved by the addition of the appropriate extension or exchange line cards. This can range from a system with one line and seven extensions

There are a number of single

line miniature PABXs on the market because they are exempt from the having a pre-

the small business.

through to one with four lines and four extensions. Such a system which has wide range of features including call diversion, ring back when free, and conferencing is one of a number of small modern PABXs which provide cost-effective communications

for the smaller business. The company offers a range of systems with up to 128 ports as well as specialised configu-

rations such as for hotels.

There are many other suppli ers offering key-systems and PARXs.

In choosing the right equip-ment, the trick is to know how your own company is going to grow so as to be able to select the most appropriate system to meet future needs.

Adrian Morant

ELECTRONIC MAIL

Sorting out the confusion

ONE OF the main problems is able to attach to the receiver with electronic mail is that it by direct lessed or PSIN line, is misunderstood — people that both networks are compatis misunderstood — people that it is misunderstood — people that both networks are compatible, and that the receiver has immediately expect e-mail, as it is called, to be an electronic version of the same thing. It isn't — or at least it isn't yet and will not be for many years to come.

The difference between paper-based mail and e-mail is that one is delivered to your by direct leased or PSTN line, is the time, paper-based or PSTN line, is that the receiver has application software able to read the electronic measure than the norm.

This brings us fairly and squarely into the problematic area of standards — and the good thing about standards, as that one is delivered to your

door, while the other has to be collected from a mailbox; one is paid for entirely by the sender, while the other costs

money to receive. Until electronic mail can be delivered directly and free of charge to the receiver, it will never be accepted by the domestic market. But its a different matter in the business world, where the receiver is usually as been to receive as the sender is to send.

A classic example is Electronic Data Interchange (EDI)

a form of electronic messaging that is growing fast. The main difference between EDI and e-mail in general is that EDI is strictly between con-

orders from its suppliers. But for general e-mail, there is cur-rently a difference between inter-company and intra-com-

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The benefits of intra-com-pany e-mail cannot be ques-tioned. More and more companies are installing internal networks, and these networks are being used to carry e-mail throughout the organisation. With some of the larger companies, the networks are actually international, and the effect is that user 'A' can send a mes-sage to a user B' without even knowing (or caring) where B actually resides.

But intra-company e-mail is in a closed and controlled envi-ronment. Individual users are net concerned with the cost of their messages. The network manager has control over the system, and can ensure that hardware and software will notify the recipient that he has mail awaiting him. Thus, when user-B switches on his terminal, even if it is only to record stock changes, he is automati-cally notified that mail has

been delivered to his mailbox. Alternatively, the network manager can design the system so that A's message is automatically printed at B's nearest printer, attached to the network ready for delivery by the internal messenger system.

This is a completely different

world to that known to the majority of small companies with a number of individual tand-alone PCs. Here e-mail is by necessity inter-company e-mail. If another company sends a message to me via Telecom Gold or One-to-One, then I have to pay for the privi-lege of receiving it. I have to pay One-to-One or Telecom Gold for the privilege of having a mailbox, and I have to pay British Telecom the line charges involved in accessing and reading the mail.

Its like the early days of paper post; every time I see the mailman I want to run and hide just in case he has something for me. This situation is unlikely to change for many years. Unless the sender is able to connect directly to the receiver's PC, via the tele-phone, then the receiver will always be involved in costs and this will inhibit the growth

The situation is not, of course, so difficult between two different large companies. Big organisations are likely to have their own networks, or at least their own PARKs, and it is increasingly possible to get from one network to another 'transparently.' All that is necessary here is that the sender

we all know, is that there are plenty to choose from Rod Matthews from ICL is one of the UK's experts on standards - he sits on both the European SPAG (Standards Promo-tion and Application Group) and US COS (Corporation for Open Systems) board of direc-

"E-mail will never really take off, he believes, until there is a sufficient infrastruc-ture — and that won't happen until we have universal start-

The standard to watch, he says, is X400/88 - the probiom today," he explains, "ie that most mall systems are main difference between EDI and e-mail is general is that worder proprietary with vendor proprietary w

useful on a large scale."
But he believes that Europe is caught in a cleft stick — "we need a publicly-defined standard to enable all the different European machines and PSTNs to operate in harmony. But we cannot use this as a form of invisible trade barrier to protect ourselves from the Ameri-

Apart from the dublous eth-ics, it wouldn't work — "If we have public standards that don't include the Americans and Japanese, it would simply allow them to design systems that have our standards in our markets, but keep their own - as a barrier to us - in their own domestic markets."

It is for this reason that Mr Matthews works so hard to develop truly international standards. Not only does he bridge SPAG and COS, he is also working to ensure that the Japanese POSI (Promoting Conference for OSD joins in.

"If we can get the Japanese manufacturers to agree to specified standards, then we have a political weapon to keep them to those standards."

Steve Dooley, a director of the communications consultancy, Level-7, is equally con-vinced that the future of e-mail is tied to the future of X400 — "the 1988 recommendations, he says, include inter-network-ing with physical delivery agencies, such as couriers and the postal services, and provide the ability to carry geographi-cal addressing information with the message.

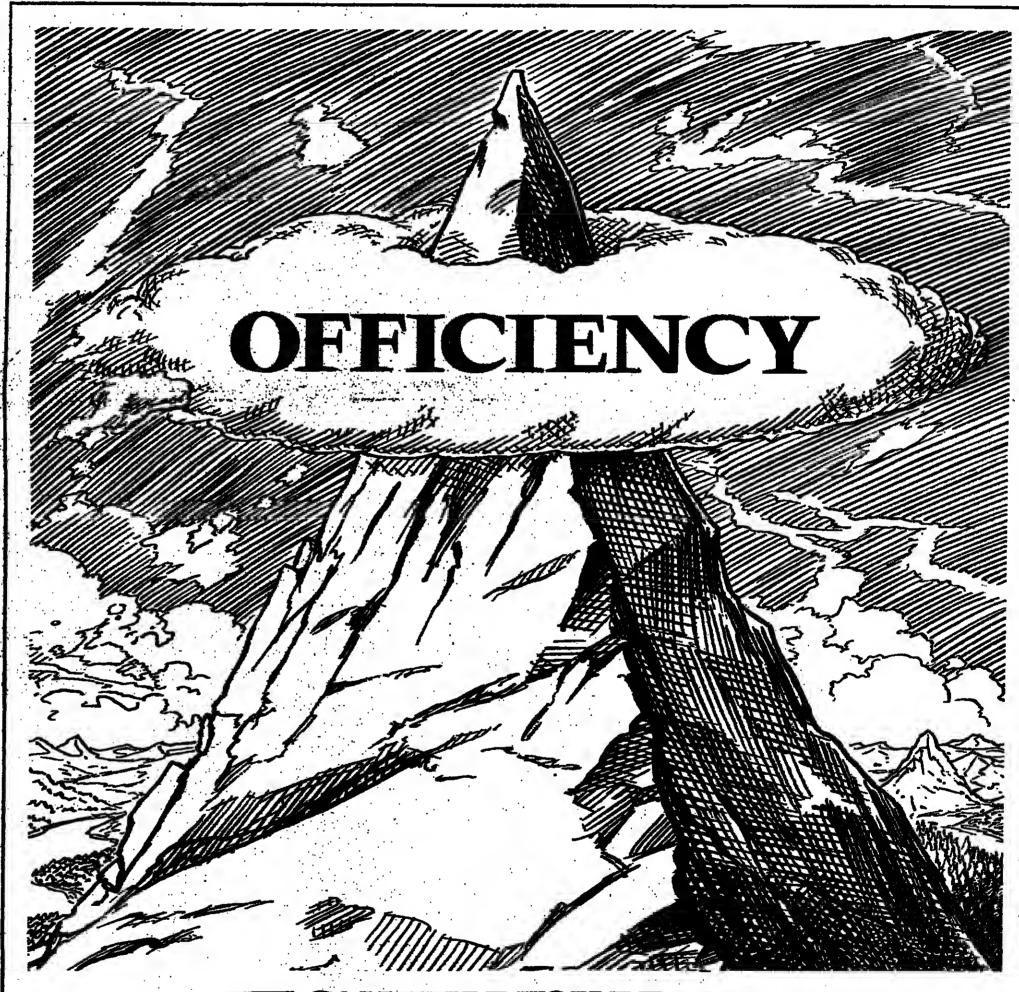
"In this case, a user may be assigned to a physical delivery

assigned to a physical delivery station where the message is printed and subsequently delivered through the postal service to the recipient.

"X400 gives fast, error-checked, multi-destination delivery on a store and forward basis. It is a truly open system which can be, and is being, built into a worldwide network and rather than fixing the and, rather than fixing the type of equipment and user —interface which is provided to the end-user, it defines a set of services on which the ven-dors of the terminal equipment

But we should not expect it to happen quickly — "it does not follow that X430 products and services will be established overnight. While it is to be expected that, particularly in Europe, public services and products will be in reasonably expected that the end of the general use by the end of the decade, we would not foresee the use throughout the world generally until well into the

Kevin Townsend



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statement

THE MARKET for dedicated

word processing equipment is in decline, yet considering the success of the Amstrad word

processor over the last few years, and considering that Philips has just launched a

This argument is very persuasive - at first, it seems per-

fectly reasonable. But it con-

WORD PROCESSING EQUIPMENT

A marketplace in transition

new range of word processors, this may seem a rather strange maximum speed possible through slow mechanical key-But it is not that there is no boards); so, given this inherent specialist WP market - it is impediment, one must ask how just that it is very limited, and much smaller than it appeared serious is the requirement for specialised word processing

to be even just a few years ago. The argument in favour of using a dedicated system is simple: if you have dedicated The case is further weakened hy the not unexpected attitude of almost all PC manufacturers to huild hasic ergonomic design features (tilt and swivel display screens, anti-glare qualitities, adjustable and typists, then they deserve a dedicated machine. If you ask your employees to sit front of a screen all day and every day, then they deserve a system that has been ergonomically detached keyboards and so on) into even the least expensive of designed for efficiency and the standard PCs.

It is indeed questionable whether there would be a spe-cialist WP market at all if Apple had popularised the microcomputer, just a few vears earlier.

tains an element of false logic. The standard QWERTY key-board (and the slight national Most businessmen in Europe variations, such as AZERTY) began to hear of the "word processor" as if it were a com-pletely different office machine used by almost all professional typists, was originally designed not for comfort or speed, hut round ahout the mid-1970s. for difficulty.

The basic keyboard design is VDU screens were just becoming available, the floppy disk intended to slow down the typist (because most typists could had liberated typing systems from the limitations of mageasily type faster than the netic cards and/or internal

memory, and the high quality daisywheel printer had been developed.

The software itself was usually an extension of the operating system editor supplied by the manufacturer. Put all of these elements together and the result was a "word proces-sor" - something altogether different to a computer, and cer-tainly something far removed from things as operating systems (each one had its own operating system which the user never came across).

But then Gary Kildall devel-

oped and marketed the first non-proprietary disk-based operating system (CP/M) and prepared the way for the boom in microcomputers. Hundreds of different companies started to manufacture their own micros. And provided they sup ported CP/M, they could all run the same software. This created a large market for software development - and sud-denly microcomputer application software began to appear.

The first two great s stories were the VisiCalc spreausness and the words far word processing package. Visi-Calc has come and gone but WordStar (now in its fifth rein-carnation as WordStar professional 5) goes on and on.

WordStar, in particular, and microcomputer Wp application software in general, has done more than anything else to erode the specialist WP hardware market. But it is not that

The old process of long-hand drafting, direct dictation and/ or audio dictation still persists. but is a diminishing feature of office life. But there is another movement in office equipment hard-ware that also spells the end of

and more of their own typing.

separate pieces of equipment it is hardware integration. 'The argument in favour of using a dedicated word processing system is simple and very persuasive - it seems perfectly reasonable.

But it contains an element of false logic."

Developments in dictating and voice messaging

companies are simply buying their typists a PC and giving them WordStar what has hap-pened is a complete change in

Not to put too fine a point on matters, middle managers, whether male or semale, who would never dream of touching a typewriter or a word proces sor, are now perfectly happy to use a computer with WP software. The result of this is that

We have, and will continue to have for many years yet different pieces of equipm for different functions. But this is more to do with the inability of hardware and software to cope with everything than it is to do with users' preference.

So, at the moment we have a xerographic office printer that is separate from the xerographic office copier, and a scanner that is separate from the future, all of these functions will combine within a single

machine. Similarly, we currently have a general purpose PC that is able to function as a word processor and a CAD system; we have a specialist word processor that can also run general purpose software applications; and we have a specialist CAD workstation that can double as

a stand-alone office computer. But the next generation of microprocessors will be sufficiently powerful and sufficiently herpensive to drive a single system fully able to per-form all and more of the

required functions.
Clearly, the current situation is an inefficient use of resources. A few years ago, DEC marketed its product range as "horses for courses." The professional manager required a VAXmate personal computer; the professional scientist, researcher or designer required a VAXstation or MicroVAX; and the profes-sional typist required a DEC-

mate word processor. This works well enough within DEC's existing user base, but it is a relatively rare occurrence for DECmates to sell outside of

the user base. The reason is simple. Buyers cannot be certain that the propriatary WP hardware will interface suitably with their other hardware.

Similarly, European buyers have an in-built inhibition against buying a product that has limited capabilities - in general, specialist WP can only perform word processing, while a personal computer can doJust about anything. With this in mind, it is

worth looking at a two of the more recent WP launches: Canon's WPZ00 System and Philips' NMS 9110. The Philips word processor includes MS-Dos, an IBM XT-compatible keyboard, an IBM colour display compatible screen, an 8088 processor and the Philips word processing software.

One would be hard pushed to see any effective hardware difference between this specification and that of an out-of-date IBM PC XT. The new Canon wordprocessor is based on the A200 personal computer and WordPerfect software from Sentinel. The Canon A300 per-sonal computer is fully IBM PC-compatible with a basic 256

kbytes memory..." In short, even where manu-

facturers are developing new word processing systems, there is very little that will distinguish them from standard PCs. The only real conclusion is that the best thing to do is choose the word processing software package that best suits individual needs, and then look for the best possible

hardware on which to run it. And when the available PC software has features that include on-line spelling correction (with suggestions for the correct spelling which include phonetic near-misses), on-line thesaurus, the ability to search multiple files for text strings and copy specified text directly from one file to another, plus scren-based mathematics, inbuilt electronic mail communications facilities, a mail-list manager and a full-page and multiple-page preview facility (all of which can be found in WordStar 5) - do you really need anything else?

Kevin Townsend

UP TO £450m a year is being such as Philips and Dictapoured down the collective corporate drain in the UK simply because senior ezecutives still work in the dark ages when it

comes to text generation. The figure is based on the Post Office estimate that of the 51m letters handled in 1987. 45.9m were husiness letters.

Earlier this year, the Dartnell Corporation in the US. found that it costs \$9.89 to generate the average 180-word business letter by traditional shorthand and typing methods; \$7.67 if a dictating machine is used. That includes costs such as salaries, overheads and cost of interruptions (higher than the UK), materials, postage and mailroom (lower than the UK).

However, looking at research results supplied by companies

phone, one discovers extra elements of cost not accounted for Dartnell. One is that the majority of letters in the UK are composed using longhand (averaging 10 words minute), either with the executive writing it out or the secretary tak-

actually takes longer to tranletter (15 words/min average) than a taped letter (25 words/

min). So, adding all the reserch findings into a composite cost equation and summing an average salary of £10,000 for a senior secretary and a conservative £20,000 for an executive,

scribe and type a shorthand

one finds that the total cost of

ing it down in longhand.

Another factor is that it

generating a letter is £13.54 by

Towards a digital era executive dictating/ secretarial longhand; £10.48 by longhand note; £7.56 by shorthand dictating; and £3.08 by dictating

It is strange to note that organisations in the UK adopted word processing and PC technology quicker than in any other country in Europe, but still lags behind when it comes to text composition. As Roger Fuller of Sony (UK)

ommented: "It's like walking

backwards to the airport and

then flying Concorde across

the Atlantic."

Be that as it may, a survey called "Secretaries and LT." published recently by Lotus Development (UK), in association with Manpower, reveals that, where secretaries have adopted word processing tech-niques and saved time as a result, there has been a resurgence of traditional support tasks such as taking messages, welcoming visitors, administration, personal organisation for the boss and making coffee.

Thus, it would appear to be

to embrace dictation systems with a little more enthusiasm, particularly since the potential for time-saving is equally as great is not greater than that offered by PCs and word pro-CESSOTS.

in the executive's own interest

According to Philips, the value of the dictating machine market worldwide was \$618m, with 1.54m machines installed which was 3% up on the previous year. However, the comtial in its core target market

(Germany, Austria, UK and the Netherlands) is in the region of L85m units, that is 25% of an estimated 7.15m executives. As it stands at the moment, though, wirds portable sales are reasonably healthy desktop and centralised dictating still suffers from a rather lack lus-

tre image. Indeed, few executives think of them as time-saving tools. Part of the problem is lack of up to date equipment in UK secretarial training colleges, which means secretaries are not always equipped with the skills demanded in the electronic office.

Sony's contribution to this is sponsorship of the Top Secrebury Award in association with the Lundon Chamber of Commerce, with this year's winners due to be announced on 15

Paul Jennings, Dictaphone's marketing director and the chairman of the BEITA dicta-tion equipment division, conceded that complicated access routines were much to blame but that digital technology will prove to be the missing link -digital technology is to dictating wast word processing was to typing, and I think it will spur companies to take

other look at dictating "Whereas with centralised systems you used to have to enter lots of codes before you proceeded, all you have to do with a digital system is press one key and you can start dic-tating immediately." Being disk-based, as Dicta-

phone's new Digital Express is, it also provides random access to voice data as well as instant edit facilities whereby words or sentences can be added or deleted at will anywhere in the

Digital technology offers other advantages, too, as Paul



in use: the islast executive portable diciation machine from Sony: the BM-560.

Jennings pointed out: "It allows hasic voice messessing to be added whereby authors are allocated a voice mail bux which stores their messages until they phone in to retrieve them, in other words, it becomes a communications

Interestingly, the Lotus-Manpower survey reveals that telephone answering/messaging was second only to electronic filing as the most desired facility currently lacking in the sec-retarial office. Of course, as Richard Nixon and some insider dealers in the City of London have found to their cost, when all conversations are recorded, your words can come back to haunt you.

But assuming your business is legitimate, there is no question that telephone answering is a boon for mobile executives. small offices and small businesses, if for no other reason than that it means no important business call need go unanswered.

Voice messaging would appear to be the way forward for larger organisations. Already well-established in the US, a voice messaging system is, in essence, a sophisticated telephone answering machine that can be networked on PABXs thereby allowing all

extension users access to the facilities.

The market researchers, Frost & Sullivan see a large potential market for voice messaging in Europe. Estimated to be worth \$20m in 1985, annual

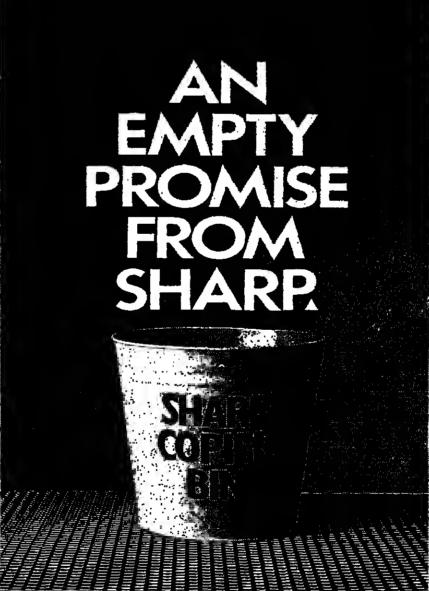
revenues are expected to be in the region of \$223 by 1994. Because it is digital, access to any one message can be obtained in milliseconds and, just as it in possible for several word processor operators to access different documents within one electronic file simultaneously, so it is possible to access different voice messages simultaneously.

For that reason, National Telephone Systems believes that voice messaging will become a major growth market in the mail order industry. Instead of one clerk replay-

ing a tape of orders phoned in over a weekend and taking all day to process them, several order clerks could work in parallel, 'peeling' each order off the disk as they go, in the US, they are moving even further towards new tech-

nology with voice-activated telephony, a special type of voice messaging which uses voice recognition to direct phone calls to the correct user.

Julie Harnett



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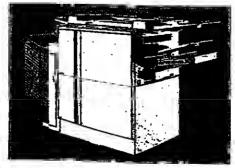
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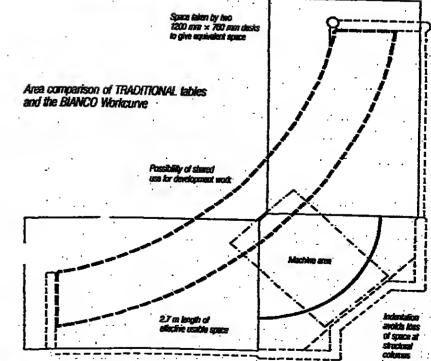
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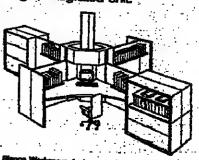
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TYPEWRITERS

How to turn a paper tiger into a real one

THE MOST surprising thing about typewriters is that they reason why this should not still exist. Most commentators continue." shil exist. Most commentators expected the lowly office type-writer to be killed off long ago-by the inexpensive word processor and/or PC-clone.

But still they continue—and it is worth asking why, and for long Royal Processor.

and for how long. Barry Bruce of Hermes Precise has few doubts. "They are inherently simpler to understand, use and maintain than desktop comput-are. Heave here no few, of ers. Users have no fear of ers. Users have no lear of machine failure — and certainly no risk of head crashes or data-loss. A typewriter represents a single-parchase item to be installed and maintained (not four — that is, a computer, software, printer and cables). And it occupies less deak space.

"But most important of all, there is still no quicker nor simpler way to produce a straightforward letter or mo, or to address an enve-

The success of the modern typewriter, however, cannot be explained simply by the convenience factor. Today's electronic typewriters bear little resemblence to their mediant resemblance to their mechanical, electro-mechanical and even fully electric predoces-

Manufacturers have now completely adopted the microprocessor so that the only remaining moving parts are the keys, the print head, and the drive that moves it.

As a result, costs have fallen and reliability has risen to such an extent that if any repairs do become necessary it involves nothing more than the swift replacement of a com-

one of the main reasons for the continuing success of the typewriter, according to Mr. Bruce, is the actual rather

The success of the modern typewriter cannot be explained simply be the "convenience factor."

than advertised cost of a word

"For example," he explains, "an Amstrad PC-1512 can be bought for around £500 from a high street retailer. But decent further £250, and even the most basic printer will cost another £250. Total: £1,000.

"For less than this sum, buyers can purchase a top range electronic typewriter such as the Hermes model 52, which has built in memory able to store a full eight pages of stan-dard paragraphs, offers on-line storage through an interface to a floppy disk drive, and has all the functionality that typists and secretaries demand." he says.

All the features, such as automatic centring between margins or around a point, justification, correction on paper as well as in display, embold-ening and underlining, are invoked with a single key-

stroke, he adds.

There is yet another advantage: the £1,000 described by Mr Bruce buys the computer system alone, which still leaves the user without train-

ing or support,
"It is a long-standing prac-tice of office equipment suppli-ers," adds Mr Bruce, "to install typewriters at a user's premises and provide initial training to the operator. For so long as dealer-margins on a £1,000 typewriter remain higher than the equivalent micro package

One of Europe's major typewriters suppliers is the Japa-mass company Brother – the market leader in portable type-writers with an average of 25% to 30% of the market throughout Europe. Mike Brownbridge, European marketing manager of Brother, says that "the overall typewriter market is not really growing by more than a couple of percentage points. But we split this market into four categories: portables (with a platen width giving a writing a platen width giving a writing line of a maximum of 12"); compacts, (with a writing line of between 12" and 15"); office typewriters, (with a writing line of more than 15"); and screen-based typewriters.

The market for standard office typewriters, adds Brother's Mr Brownbridge, "is actually declining right across Europe. Compacts and screenbased typewriters are growing at about 4%; but the market for the small portables is grow-ing at about 50% per year."

And it is important to note that this is no small market: in the UK alone it is worth approximately 500,000 units, Of these, about 360,000 units (and rising) are electronic typewriters, while 140,000 (and falling) are of the electromechanical variety.

But, what are the threats to the typewriter market? What about Amstrad? The Amstrad problem' has been over-played, says Mr Brownbridge. What Amstrad has done has been to encourage and stimu-late the overall growth in the low-cost typing machine mar-ket, but it hasn't really taken any sales away from Brother."

How about the EC anti-dumping regulations? "Now that really was a problem," he says, "Overnight it added 20% to our costs. But we see and saw it as political manoguring rather than a genuine com-

"What it made us do was being a manufacturing plant to Wales" – which meant that we could now compete on fatt terms without the additional transport costs involved in bringing beavy equipment from Japan to Europe."

It has not, however, been lain sailing for all the Japanese companies. Some compa-nies established plants that did little more than assemble Japanese-built kits: the screwdriver companies. Several such com-panies were investigated by the EC towards the end of last year and earlier this year and the case was found proven.

"The result on these companies," says Mr Brownbridge, "including Panasonic and Sharp, was drastic new levies." TEC has even pulled out of typewriters. But it has had no effect on Brother, because we really are a European manufacturer, with about 60% of our components being sourced on European companies.

"So, the only real effect of the EC anti-dumping regula-tions has been to turn a paper tiger into a real tiger. The European manufacturers who could not compete against our prices when they included trans-global transport costs now have to compete with prices that need only include cross-Channel costs." And one could add to that the EC antidumping regulations have brought jobs to Europe, but sent profits to Japan.

Kevin Townsend

Shake-ups in the office furniture industry

The year of the takeover

Surrey, is to spend £14m on a new plant in Newport, Wales, to meet expected rising demand after 1992.

Scandivian producers are becoming even more export-orientated. Kinnarps, for exam-ple, which now claims to be the largest manufacturer of office furniture in Scandinavis. exports 30 per cent of its pro-duction. Britain is the com-pany's fastest-growing export market - turnover at Kinnarps (UK) was almost £10m last year and has increased ten-fold in ther last five years.

In July, Arenson of the UK, manufacturers of the well-known President furniture range, was acquired by the Danish conglomerate, Scandi-navisk which has a large manufacturing division for office

Scandinavisk's policy is to acquire leading companies in each major country of Europe in preparation for 1992 and Herman Miller, the systems furniture pioneer, now has a worldwide turnover of nearly

Teading companies which are serious about facing up to the challenge of Europe are already well on the way to positioning themselves in the sector. In particular, a number of French office furniture concerns have been acquired by corns have been acquired by \$500m. The group has made significant investment in the British companies. Manufacturers are gear-UK and France, with wareing-up for a wider European housing, showrooms and dealers throughout Northern market. For example, Bisley Office Equipment, a privately-owned specialist in steel office storage equipment, based in Europe. Miller says that it also intends to manufacture in Japan.

A BOOM in sales and an unprecedented rash of take-

overs are combining to make this a year to remember for the office furniture industry.

The UK is leading the way in terms of acquisitions and

corporate restructuring within the industry," says one market analyst. "There is evidence

that a rather fragmented

industry is becoming much

more professional."

Much of the confidence which is fuelling this activity

has come from the fast-grow-

ing 'systems furniture' sector.
The rise in flexible systems has been tracked for the last

three years by the National

Business Equipment Survey* The latest review shows the highest ever number of UK

systems compenies reporting a rise in profits (68%). The proportion reporting a downium in profits has fallen from 25% in 1966 to 4% this year. Rising sales and the need to prepare

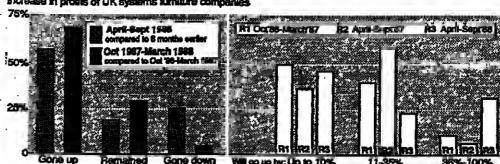
for new market conditions in Europe after 1992 have pushed more companies into taking a

onger-term view than is cus-

tomary among some suppliers in this sector.

Profit changes and forecasts

increase in profits of UK systems furniture companies



Steelcase has been acquiring design companies and has now set up the Steelcase Design

Partnership.
Meauwhile, Haworth,
another leading American furniture-maker, for long expected
to enter the UK market, finally arrived with the purchase of the Comforto seating division of Vickers. Haworth of Michigan is the world's third largest suppliers of systems furniture. Flexiform, a Leeds company formed in 1980 in a manage-ment buy-out, is developing a

Nottingham, has made a three-

new 25m plant at Thornbury. The company's projected sales turnover for 1988-89 is \$20m. Kimball Europe, based at

fold expension of its manufacturing plant in the last year along. The company has recently supplied 200 workstattons for a major City installa-

Among thosa companies most prominent on the acquisi-tion trail is the UK manufac-turer, Gordon Russell, which bought Isoplan in 1987 and recently purchased G.A.Har-vey, a long-established manu-facturer

Gardon Russell's chief execu-tive, Mr Chester Wedgewood, commenting on the develop-ment, said: "We are going to make a major thrust into three systems market in all three areas: low, medium and high."

Mr Mike Brewster, internatinghouse in Britain, anticipates that his company will be making a key acquisition in the UK next month. Westinghouse is also looking for acquisitions and joint venture operations in the Middle East and Japan

Among the recent changes has been the purchase of Ever-tant Seating by Wassall. The acquisition was negotiated last month by Mr Christopher Miller, the new chief executive, for £11m.

In another development at Vickers Furniture, a manage-ment buy-out team, led by Mr Bob Denton, chief executive has been successful in sec uring the furniture division plus its operations in Ireland and France.

The clear message from all this activity is that global alignment in this sector is well tinder way, says Jean Davis, a market analyst. The industry expectation is that the trend towards buy-outs will con-

tinne, with business growth founded on buying turnover. Meanwhile Bullough, parent company of Project, which claims to be the UK's largest office furniture manufacturer with sales of more than £38m last year, bought itself into the French market with the acquisition of Atal, which roughly the same size as Project in the UK. (Bullough already has a presence in continental Europe through its Belgian-based divi-

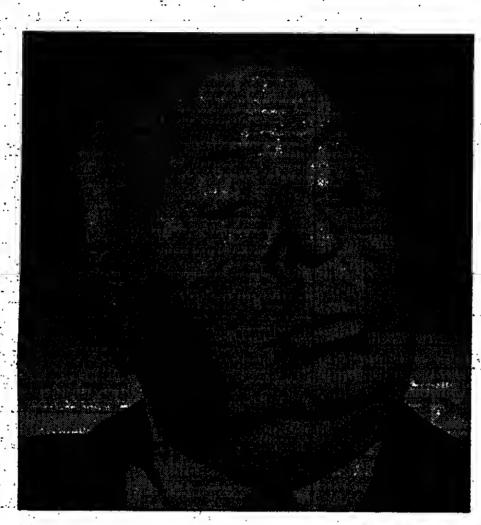
sion, Reznor).

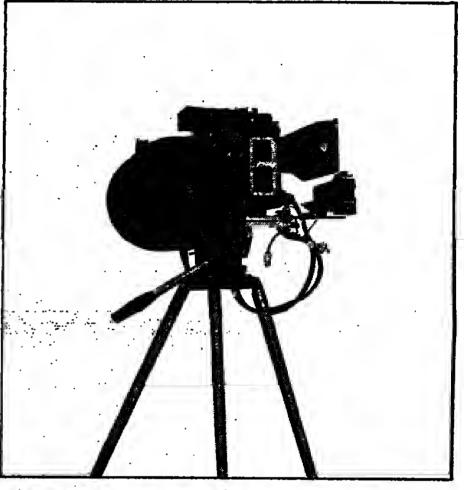
"The underlying trend in the
UK market is strong," says
Charles Mason, managing
director of Project. "The trend is towards buying more sophis

is towards buying more sophisticated desking systems to cope with information technology services — cables, connectors and so on. This, in turn, increases the value of each furniture unit sold."

Tha continued strength of the UK market is reflected in the performance of Pentos Office Furniture, part of the group responsible for the group responsible for the Asher and Caplan ranges. Figures this month show Pentos profits were 45% higher in the half of the year than in the same period in 1987. Turnover increased from £8.8m to increased from £8.8m to

Continued on page 8





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The cost of producing a letter

THE AVERAGE cost of producing a letter in UK offices, using screen-based. technology and high-speed printers, is around £13, according to Sony, a leading manufacturer of dictation equipment and other business

The formula used to arrive at this figure assumes that the average salary of a secretary is £10,000 a year, while the average letter is estimated to be 180 words, typed at a speed of 75 words a minute.

Five minutes is allowed for equipment set-up; the time taken to type the average let-ter is calculated at 7.4 min-utes, giving a heate cost of £6.31, but this figure is doubled to allow for the cost of overheads, giving a final fig-ure of £12.62p.

"For correspondence, dicta-tion is the most efficient way of inputting information -

Fuller, sales manager of Son-y's information products divi-sion in the UK.

Cost-savings of 30 per cent can be made using dictation equipment as opposed to tradi-tional shorthand methods, he

Estimates from other sources (see article on dicta-tion on the facing page) put the cost of generating a letter at £13.54, assuming the average salary of a senior secre-tary is £10,000 and a conservative salary of £20,000 for an

Other manufacturers in the dictation aquipment include sector include Grundig, Dicta-phone, Sanyo, Panasonic, Philins Business Systems, Olympia Business Machines, Harris-Lanier, Hill International, Decimo and Olympus.

Alfred Hitchcock's directing success was due in no small measure to his innate understanding of the movie camera.

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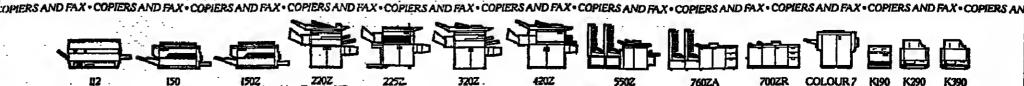
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OFFICE EQUIPMENT 8

'Telecommuting' from an office at home

A new way of working

UNTIL JUST a lew years ago, the idea of working from home evoked sad images of outwork-ers in the clothing industry or the sweated labour of the homeworker, typing envelopes by the thousand. This image ngers, despite the fact that a growing number of management, professional and entrepreneurial people are taking advantage of the developments in technology which allow them to operate effectively

The FI Group (until recently, known as F international) and ICL, the British computer manufacturers, are not new to this pattern of work. They have, respectively, 26 and 19 years of experience of it - they sponsored Francis Kinsman to research his book, The Tele-consusters, (published last year) because they believe that "telecommuting" is not just a carriosity but the precursor to a

DEW WAY OF WORKING. Farthermore, at last month's, British TelecomT.CBI conference, "Tomorrow's work-place: harnessing the challenge of teleworking," the results of a recent survey carried out by the Henley Centre for Forecasting indicated that more than 4m people will be working

from home by 1995. In fact, all sorts of people already have an office in their home - they range from the salesman who, without going into his office, needs to send memos to the office and quotations to his customers; or the busy executive who needs to have his study where he can finish paperwork tasks at the reekend; or the entrepreneur who runs his entire business from home

While their needs may differ widely, one fact that they have in common is that they are on their own should anything go wrong with equipment in their home office. Such users do not have a spare photocopier or facsimile machine; or if a computer bug strikes, they have to find their own way out of the

The underlying factor is that all this business technology is just a means to an end - and not an end to itself. Thus, the aim should be to employ reliable, standardised equipment. The reason for reliability

needs no explanation; standar dised implies the adoption of common standards and thus compatibility between systems. This minimises the problems of transferring files between systems, obviates the need to learn a second set of commands and control sequences should one need to use other task of obtaining replacement to be the Rolls Royce of per-

failine. In addition, many people

working from home may not have even have a full size workspace and have to squeeze into the box room - or even a corner of the lounge. Thus, they may have to pay the premium to obtain physically small but high performance equipment.
For example, just over a year
ago, Konica launched its K190

fax machine. Described as the first upright fax machine in the world, it only occupied an At piece of deak space and yet took a B4 original. It is a full-featured machine, incorporating auto-redial and automatic ment cutter and so was an ideal tool when space is at a

Now. Konica has just announced its K195. This is basically the same machine which has been upgraded to include a built-in telephone hand-set and a half-tone capability. While no price has been set it will probably have a tag of around £1545 – the price of the virtually identical Mitsubishi FA2100 launched last

in the world of shrinking range of laptops has just been

Using new technology, more than 4m people in the UK could be working from an office at home by 1995

extended with the Ti600 porta-ble desktop 286 machine. It is battery-operated and so can be used on the move. However, more importantly for the office in the home, it provides full IBM AT compatibility and EGA standard graphics in a unit that occupies just over one square foot of deak space.

This machine is powerful enough to support software packages which require high speed processing capability and thus should meet most needs for the foreseeable future. At over £3,000, this machine and others occupying a similar spot in the marketplace, such as Zenith's Super-Sport 286, cost appreciably more than many of the other machines that offer a comperable performance but are physi-

cally larger. Nevertheless, its price is in the same bracket as the Compaq Portable III which, in its closed form, looks like a large sivie buch box. I make this point because Compaq

repays them, he believes.

"Trends in the Systems Furniture Industry": from NBES,
Landon, tel.01.582.5420.

Michael Wiltshire

sonal computers' and this fast 296 machine is ideal for situations where the computer must be stowed away when not in

This does not mean to say that other machines, such as low-cost clones or the just-an-nounced Amstrad 2000 series of 24 machines, aimed directly at the business market, are not good - far from it!

There are many machines on the market which offer extremely good value for money. For example, "direct relationship marketing" com-pany Dell Computer Corporation offers a one month money back trial of its m achines which come with a one year on-site parts and labour warranty and free access to the company's technical Hotline. This could well be the ideal solution.

However, the user should assess needs, and with those in mind, narrow the choices and so focus on suitable equipment. No matter how good the equipment, it can all be brought to naught by lack of adequate support. Therefore, knowledgeable and helpful local suppliers, as well as user-groups — such as the IBM PC Users' Group and other local groups - can be very helpful the move into uncharted

One of the advantages of working from home is that one can work at times when it suits you. This may be late at night or even early morning. As at the very least, it would be antisocial to disturb other members of the family, the computer printer selected must be particularly quiet in opera-

Hewlett-Packard's DeskJet ink jet printer appears ideal in that it is quiet in operation and yet provides true letter-quality print together with full-page high-resolution graphics. In fact, it provides laser quality output at a fer more affordable price and, using plug-in font cartridges, can print in a variety of different fonts in both draft and letter quality modes.

The recently introduced Quine CrystalPrint liquid crystal shutter page printers offer an alternative. While using the same toner and heat fusing techniques as a laser printer, they are appreciably smaller, have fewer moving parts and offer the same speed as laser printers but, according to ime do not suffer from the scanning distoration since they do not have rotating mirrors

The result is that machines are noticeably smaller and the potential for being more reliable and lower in cost. In fact, they appear to be ideal personal printers for the office

One of the traps for the unwary when buying a printer is software compatibility — if the particular printer is not the software you intend using, then you may not be able to take full advantage of some of its sophisticated features. And these may be for what you have had to pay a premium.

A lightweight photocopier such as the Sharp Z-50, or even

nais and has a reduction en-largement facility may be a worthwhile investment to save an inordinate amount of time wasting going to your local copyshop. Furthermore, it will be useful where multiple copies are required from your PC, as consumables for laser type printers are quite expen-

The range of IBM-compatible software is virtually infinite and so are the choices - and the fact that one works at home does not mean working in total isolation. Ideally, one should use the same software as one's affiliates. This will simplify file transfer and, when you are faced with a software problem, you will often know someone who has previously met, and solved, that same

However, the latest version of the Wordstar word processor package, Wordstar Professional Release 5, is said to incorporate 390 new features, including the most effective advanced page preview facilities available.

in this new version, users can choose from pull-down menus, original Wordstar com-mands or function keys. Furthermore, it has an auto-save facility which insures against loss of data.

Sometimes there is a need to make documents more than just presentable. A higher standard of appearance may be worthwhile – even if just on the title page of a presentation. A low-cost DTP package such as Timeworks Desktop Publisher PC allows one take existing test files from Wordstar and other WP packages and to design and layout documents in a variety of typefaces, styles

and sizes. Because the computer display shows you exactly how the finished document will look, it is relatively easy to put one's ideas into practice. Once a page looks exactly as desired,

can be printed out. When working from home, it should not be forgotten that one needs to be business-like and organised - a time recording and analysis program, Timeslips, from Mirrorsoft, can be used as a "pop-up" at the touch of a key so as to be able to time jobs and allocate costs easily. It has just been named Small Business Software of the Year" in the 1988 Personal Computer Awards.

Selling at £69.99 plus VAT it should rapidly pay for itself in improved time-discipline, even where the user cannot charge directly for his or her time. But the bottom line of all

must keep good accounts. Many people, no matter how brilliant in their own field, have a mental block where accounting and book-keeping are concerned. The latest version of the Dac-Easy Accounting program incorporates con-text-sensitive help and even includes a primer on account-

ing in the manual.

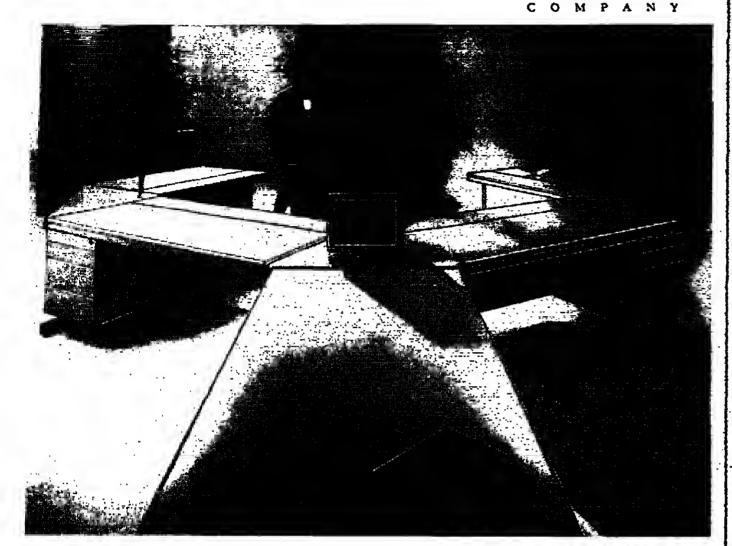
While a little knowledge is often considered to be a dangerous thing, at £29.95 + VAT. this program appears to be a very low-cost way of keeping watch on one's books. Adrian Morant



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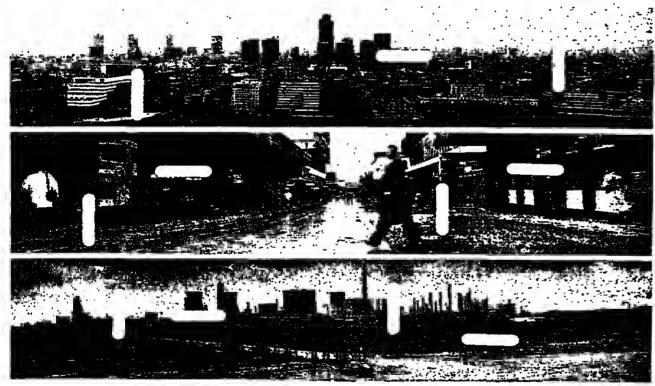
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Preparing for 1992 direct sales forces, as opposed to dealer networks, will find their investment in this more expensive form of distribution

Continued from Page 7

Alan Cooper, another UK manufacturer, announced record interim results for the six months to June. Profits for the Lancashire-based company were up 35% (before tax) to £1.3m on a turnover of £5.1m.

Mr G.P.Barua, director of NBES, predicts that the advent of the single European market will affect the way that multinational groups buy all their husiness equipment products, including office furniture.

"Decisions on the larger contracts will be made trans-nationally at the state of the s

tionally, with more centralisa-tion of the negotiation process. When this takes place, only those office furniture companies that can provide trans-national servicing and support will find themselves on the shartlist of suppliers – hence all the jockeying for position

and the expansion plans now going on.

Mr Barua attributes booming sales activity in the UK market to higher levels of expectation about the working environ-ment on the part of corporate purchasers, hastened by the introduction of office automa-

likely, so orders will slacken, Some manufacturers are already beginning to feel a chill wind, although the industry as a whole has not."

Mr Barua anticipates that as the supply-side catches up with

buyouts.
Increasingly professional
marketing will mean a closer

introduction of office automation and, in particular, developments in the City of London and the wider financial community. The comparatively fast growth of the UK economy has encouraged both domestic and foreign furniture producers to invest in Britain and to gain product and manufacturing advantages, he says.

Despite the conclusion by the NBES report that the systems market was growing at the rate of 24% in the year to March, 1988, Mr Barua sounds a note of caution. He predicts that from 1990 on, the

predicts that from 1990 on, the UK market will "get much tougher - the office furniture industry is, after all, notoriously cyclical. As the economy slows down, which seems

demand, price-cutting will intensify - and over-crowding in the sector will force further

attention to the needs of niche markets, making stronger links with customers. Those companies which emphasise

SECTION IV

FINANCIAL TIMES



This year marks the 20th anniversary of The Troubles. Yet, powerful as the images of violence

are, they belie much of the everyday reality of Northern Ireland. Even in the toughest areas, life goes on. Kieran Cooke examines the broader picture

Image, reality and paradox

AN ELDERLY woman from Northern Ireland was visiting her daughter in Dublin. "Oh, I can't wait to get back over the border to have a rest. There's so much hustle and bustle down here," she said. A French academic declines an invitation to lecture in Belfast. It seems she is worried for her safety. Image and reality consafety. Image and reality constantly clash in Northern

According to official statis-tics, it has the lowest level of serious crime of any area in the UK. But the murder rate, while still only half the level in while stall only hair the level in the US, is about six times the UK average. "We are a peace-ful, orderly community," said a senior officer in the Royal Ulster Constabulary. "It's just that people here seem to have an unfortunate propensity for killing each other."

killing each other." Economically, Northern Ireland is one of the most hard-hit areas in the country with a jobless rate of 16.9 per cent, nearly twice the national average. Yet many sectors of the economy are performing well. A host of firms have grown up to take on not just other UK companies, but the world. Many retail businesses have never done better trade.

Northern Ireland has one of

the highest registration rates

for top of the range cars in the UK. There has been solid economic progress this year. The number of jobless has fallen by 10,000. Both Northern Ireland's Industrial Development Bearing industrial Development Board (IDB) and LEDU, the small business agency, have created a record number of new jobs. Some sectors of the economy

have performed strongly. Tex-tiles and clothing, which employ 28,000 people, or more than a quarter of Northern Ireland's manufacturing work-force, have made significant advances. The linen industry, in which Northern Ireland once led the world, has been revived. Herdmans, the largest producer of linen yarn in the province, has started an IDB assisted 217m expansion which will create nearly 300 jobs near Strabane, an unemployment blackspots. The IDB says a record of more than 5,000 jobs were promoted in 1987/88; 2300m was invested in IDB sup-ported projects.

But there is concern that Northern Ireland has not shared in the full fruits of the economic npturn evident in most parts of the mainland. Output in the province has been more or less static at a time when overall national output has been rising by more than 5 per cent per annum.



ern Ireland

Northern Ireland remains very dependent on the national economic health: any sign of a downturn in southeast England could endanger recovery in the province. While present the province while the province wh ent levels of government spending in Northern Ireland are likely to continue, with public expenditure equivalent to about 70 per cent of the province's GDP, and more than 40 per of all employees in the public sector, it has been made

clear that the province will no longer be set apart from the general line of economic pol-

The privatisation of North-ern Ireland Electricity, Har-land and Wolff shipyards and Short Brothers, the aerospace manufacturers, have all been announced in the last few months, All three enterprises play a vital role in the econ-omy of Northern Ireland, with H&W and Shorts together

employing more than 10 per cent of the total manufacturing workforce. The skills and expertise of these companies have been built up over many years and are respected world-

Privatisation has quickly led to talk of British "economic withdrawal" from Northern Ireland. Workers say they will fight the privatisation plans. For once, politicians of all par-ties in Northern Ireland seem

united. They say privatisation will lead to job losses and warn of serious social unrest. Once again, there is the perception that Northern Ireland is being isolated and ignored. Once again there are fears for the

The Government anguly dismisses allegations of either economic or political withdrawal from Northern Ireland. It says current levels of expen-diture in the province will conCONTENTS Tourism

tinue Funds must, however, be more sensibly allocated and ideas of state dependency which have grown up in the

province must be rejected.

It also disputes the notion that privatisation will inevitably lead to job losses. "There is no future for Northern Ireland. as an economic wasteland; no future for Northern Ireland through terrorism; and no future in a political vacuum.
We need action on all three
fronts," Mr Tom King, the
Northern Ireland Secretary of

State, said recently.

Mr King is generally respected for the enthusiasm and commitment he has shown in what is a difficult and by no means popular government post. But the feeling persists among people in the province that they have no say in deci-sions which vitally affect their lives. There are many com-plaints about what is seen as a non-responsive and all-powerful civil service. "Whether it's the Angio Irish agreement or privatisation, the people of Northern Ireland have no say," says Mr Ken Maginnis, Official Unionist MP for Fermanagh

and South Tyrone.

Mr King has tried to find a way towards some form of devolved government. There have been talks about talks, complicated formulae to try to break the political log-jam. The mainly Roman Catholic Social, Democratic and Labour Party (SDLP)has had a series of dis-cussions with Sinn Fein, the IRA's political wing. On the surface at least, little seems to have been achieved. Questions of security and terrorism have always come to the fore.

This has also been the case

with the Anglo Irish agreement. Despite some serious dif-ferences between London and Dublin, the agreement survives and its workings are at present under review. The Unionists continue adamantly to oppose the agreement, seeing the involvement of Dublin in the internal affairs of Northern Ireland as a barrier to any political progress.

Conversely Mr John Hume, leader of the SDLP, sees the

agreement as vital for a political breakthrough. He also feels that 1992 and the Single Euro-pean Market will at least dilute some of the problems of North-ern Ireland. The people of Northern Ireland remain unconvinced. A recent poll showed that even amongst the nationalist population there was deep scepticism about how the agreement would improve their lives or the political situIt has not been a good year on the security front: a loyalist extremist let fly with bombs and bullets at a Republican funeral. Two soldiers were brutally bludgeoned and killed in front of the world's TV cam-eras. It has been a particularly bad year for British army casualties. So far this year, the twentieth year of "The Troubles", three RUC officers, 22 regular army soldiers, 11 UDR and 46 civilians have been killed in Northern Ireland. Bad as the violence has been this year, it pales in comparison with the mid 1970s when killings and bombings were far

more frequent and widespread throughout the community. The IRA has suffered some serious setbacks, with many of its limited supply of top opera-tives killed. Sir John Hermon, RUC Chief Constable, has however warned that the IRA, with

ever warned that the IRA, with its new supplies of arms from Libya, is preparing what could be "A terrifying end to 1988".

Powerful as the images of guns and violence are, they belie much of the everyday realities of life in Northern Ireland. People in the province are often appalled by the outside world's ideas about life in Northern Ireland. People are not sayages and random killnot savages and random killers. Even in the tonghest areas, the ghettoes where people are isolated within their own community, surrounded by security checkpoints and cameras, life goes on. Reconcil-iation groups work quietly away to try to bring the com-

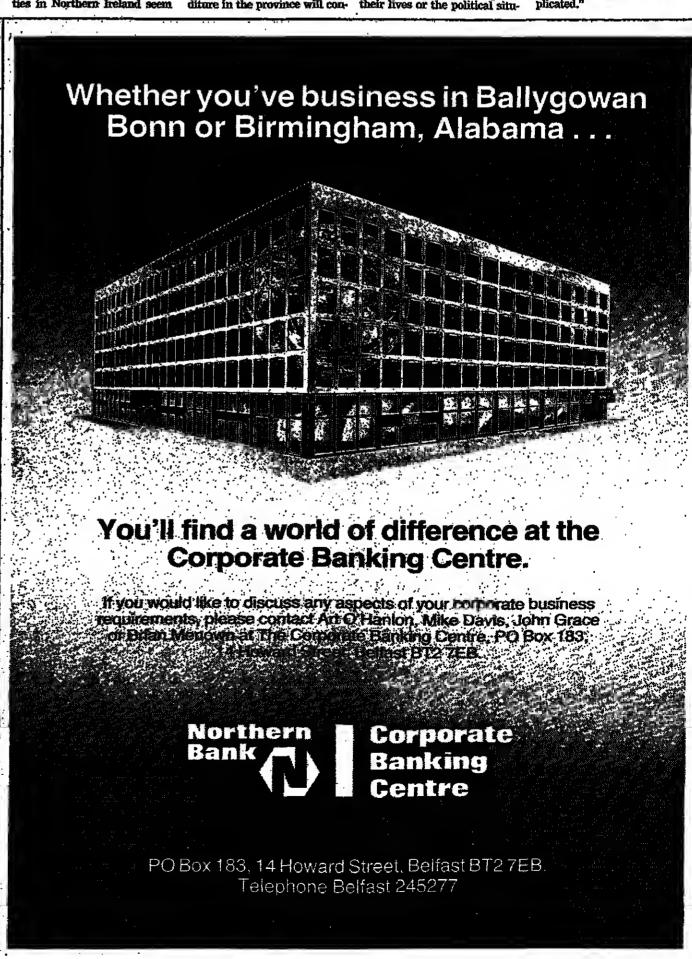
munities together.

The province has a thriving cultural life. Playwrights like Brian Friel and Ian McElhinney, poets Seamus Heaney and Medh McGuckian, artists like Diarmuid Delarghy and Una Walker, are another aspect of life in Ulster.

The media is in part to blame for outside perceptions. After all, bombs and bullets make better headlines than the start up of a bath manufacturing company or new govern-ment proposals on integrated education which could lay the foundation for a more peaceful

But Northern Ireland is never going to be easy to understand. Dervia Murphy, an Irish travel writer, chose to begin her book on the prov-ince, A Place Apart, with an appropriate quotation: "I have yet to see any problem, how-ever complicated, which when you looked at it the right way did not become still more com-





Economic withdrawal denied

ON JULY 28 this year th House of Commons was treated to a rare sight: for once all the politicians from Northern ireland were agreeing with one another. The subject at issue was privatisation and the Government's plans to transfer major industries in Northern Ireland to the private sector. This year the Government

announced plans to sell off the Harland and Wolff shippards, the aerospace manufacturing company Short Brothers, and Northern Ireland Electricity.

Considerable passions have been aroused by the news. Northern Ireland's politicians have condemned the Govern-ment's plans. Even Sinn Fein, the IRA's political wing and a party committed to British withdrawal from Northern ireland, has spoken against what is perceived by many politicians as economic with-drawal. Unions have formed special committees to fight pri-

The Government sees priva-tisation plans for Northern Ireland as a natural extension of its general economic philosophy. Mr Tom King, the Northern Ireland Secretary, told a recent meeting of the Institute of Directors in Belfast that talk of British economic withdrawal was rubbish and "so silly that I hardly bother mentioning it." Mr Peter Viggers, the Northern Ireland Industry Minister, says an attitude of dependency can-not continue. "We cannot pur-



Mr Tom King

sue a policy of feather-bed-ding says Mr Viggers. He and other Government officials point out that levels of government spending in Northern Ireland, with Treasury subventions currently running at about 50 per cent of the prov-ince's GDP, are set to continue. "We do realise the special needs to Northern Ireland," says Mr Viggers. "We are willing to carry on the present path." At the same time, Mr Viggers says the Government cannot continue to put money into such concerns as Harland and Wolff when other shipyards in Sunderland, in areas facing similar unemployment,

are having funds cut back. Harland and Wolff and Short Bros together employ about

commercial (ka mur'shal) adj. 1. of or

connected with commerce or trade. 2. made

property (prop'orté) n., pl. -ties [L. proprius, one's own] that which is owned;

estate whether in lands, goods, or money.

expertise (ek'sportez') s. [Fr.] the skill,

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Mr Peter Viggers: 'no more feather-bedding

11,000. The next biggest manufacturing employer in the province is the US Dupont company, which has 1,500 workers at its factory in Londonderry.

Both Warlands and Shorts Both Harlands and Shorts have been making losses for several years and have been heavily subsidised by central Government. The bottom line losses of Shorts in the four years up to March 1987 totalled 259m. That figure is expected to increase substantially when the latest company figures are released at the end of this

NIE, Harlands and Shorts have all welcomed privatisa-tion plans though there is more than a little concern criticism of the handling of the

whole issue. There has been conflict between Barisnes and the Government over Mr Ravi Tikoo, the Indian entrepreneur who wants to build the world's most luxurious liner, the £265m The Ultimate Dresm, in Belfast. Mr Tikoo wants sub-stantial Government subsidies. The Government wants to self the shipyard and says other companies are interested. Critics say Government prevarica-tion could mean the closure of the H&W yard, which sarlier this century led the world in shipbuilding, employing 35,000. It now has under 4,000 work-

cians and of the unions centres both on potential job losses if privatisation goes ahead and, in the case of Shorts and H&W, the loss of skills and expertise built up over several years. Mr Kem Magianis, MP for the Offi-cial Unionist Party, accesses the Government and particularly the Northern Ireland Office, of being out of touch and not fighting strongly enough for the interests of Northern Ireland. "We cannot lose the skills built up at Shorts and Harlands. They are respected world-wide. The Gov-ernment just makes decisions over our heads, we are ruled by dictate," says Mr Maginus. Mr Pat McCartan is need of a union body set up to fight pri-vatisation. He says all three

enterprises plasmed for privati-sation have 100 per cent union membership. "Privatisation will only lead to asset strip-ping, loss of jobs and, ulti-mately, more instability in Northern freland," says Mr McCarten. "At H&W, in particular, there will be more sub contracting. The ability to build a complete vessel will be lost in the end we'll end up cutting and bending steel, which any Third World coun-try can do," says hir McCartan.

Mr Peter Robinson is deputy leader of the Democratic Unionist Party, which represents many of the Protestant working class community in East Belfast, home of both H&W and Shorts. He says priveitsation might make sense in the south-east of England but not in Northern Ireland. "The profits of these companies have in the past been lifted and taken back to the mainland. There are clear signs that as part of its political withdrawal the Government is also disin vesting in Northern Ireland. Even if the subsidies have to continue, it's better than postting people on the dole," says

Not only the Government, but others resident in North-ern Ireland object to such ideas. Two local economists point out that funds of about 25hn annually will continue to be made available in the prov-ince. What is needed is a re-ellocation of resources into other areas of the economy and not an over-concentration on just two or three concerns. Another analyst says that a dependency psychology has grown up in Northern Ireland with people far too used to the idea of grants and subsidies. There is too much government in Northern Ireland, too many civil servents, too many public bodies. "We need a psychologist here, not a Secretary of State. There will never be a right time to privatise but it has to be done. There is no advantage in delay," he said.

SHORT BROTHERS



Vital to the economy

pany, is the largest employer in Northern Ireland. It has a workforce of 7,800 - in rela-tion to the population, the equivalent of an enterprise with 260,000 workers in England. With many others dependent on Shorts for sub-contracted work, developments at the company play a vital role in the economy of North-

In July this year the Government amounced plans to privatise Shorts. The announ ment has been expected for some time in the context of the Government's overall privatisation strategy. What did cause constanation, not only among the workers but also among company management, was the manner and method the Government adopted in making its

Mr Peter Viggers, Northern Ireland's Industry Minister, told the House of Commons that the Government was ready to consider suitable pro-posals leading to the acquisi-tion of Shorts. The Government would prefer to transfer the company as whole to the private sector. We would not, however, rule out the sale of the different parts of the business to separate interests."

Critics say that by announcthe various parts of Shorts, the Government was undermining the value and integrity of the company. Management and Government seem to have since agreed that all the emphasis should be placed on selling Shorts as a single entity and not splitting it up, Mr Viggers says he has made it shundantly clear that this is bundantly clear" that this is

the preferred course.
Mr Roy McNulty, Managing Director of Shorts since April this year, says the company has received several approaches for the sale of cer-tain of its divisions but those offers have all been turned

The company is at present preparing a "Sale Memoran-dum" containing a fully vali-dated and up-to-date set of information about the company to show to potential buyers. Shorts has a good reputa-tion in the industry and order books in two of its four divisions are full well into the future. But the company has severe financial problems. These go back to the early 1960s when Shorts built the Belfast Freighter, one of the biggest cargo aircraft ever constructed. A production run of 30 was planned but only 10 were bought by the RAF. Debts have mounted steadily

ever since and more than 80 per cent of total losses are now accounted for by interest payments. Mr Viggers says the debt question will be central in the run-up to privatisation but will not say whether the Government would be willing to restructure the company finanShorts has a proud history and claims to be the oldest established aircraft manufacturing concern in the world. During the Second World War the company employed 14,000 building the Bristol and Sterling bombers and the Sunder-land flying boat. It is widely respected to the aviation world for its research and develop-

ment skills. It is a major sub-contractor for Bowing, Fokker and other aircraft manufacturers. Its Javelin and Starstreak missiles are bought by armed forces throughout the world. It has developed the Tucanc trainer and the widely used Shorts 360 turbo prop aircraft.

Shorts is now working on the FJX, a twin-jet engined 40-seater aircraft for the 1990s. Mr McNulty sees the FJX as cru-cial to the future health of Shorts. "The FJX will be an asset to privatisation. It's the right time for the project and the sircraft has very definite potential, says Mr McNuity. Shorts workers are con-

cerned about the future. Many feel that sooner or later the company will be split up and jobs will inevitably be lost. Last month they announced an anti-privatisation campaign to stop "this prestigious company being torn apart by interna-tional speculation or ideological dogma". The campaign is called Knife: Keep Northern Ireland Flying Economically.

Kieran Cooke

Fair employment procedures will be backed by law

Search for end to discrimination

criminal offence for many Northern Ireland companies to fail to monitor the religious composition of their work-forces. All public sector employers, and those in the private sector with 25 or more employees - later to be 10 will be required to monitor religious composition and to make annual returns to a new Fair Employment Commission.

Failure to comply will be a criminal offence punishable by a fine of up to £2,000.

The Government wants to convince international opinion of its commitment to fair employment procedures in Northern Ireland where Roman Catholic males are two-and-ahalf times more likely than Protestants to be unemployed. Ministers hope the legislation will counter a campaign by Pro-Republican groups to persuade US firms to disinvest because of alleged discrimina-tion against Catholics.

The proposals to strengthen the law against religious discrimination, and promote gennine equality of job opportu-nity, were published in a White Paper earlier this year and the Government has indicated that a Bill will be introduced in Par-

Monitoring of religious composition by companies will enable both employers and the new Commission to assess the actual outcome of current employment practices and serve as a starting point for serve as a starting point for possible change. A key feature of the proposed legislation is a Code of Practice which will guide employers on how their structures can be improved. The new Commission will inherit the imperiences year. inherit the investigatory powers of the Fair Employment Agency and its educational, promotional and advisory

gations of employment pat-terns and be empowered to issue legally-enforceable direc-Failure of firms to implement these directions will enable the Commission to

apply to a new fair employ-

roles. It will carry out investi-

a distinct body within indus-trial tribunal structures — for an Order of Compliance, Companies ignoring such Orders will reader themselves liable to action in the High Court for contempt. Employers found in breach of their statutory obligations will be ineligible for Government contracts and a

range of Government grants. The new Tribunal will adjudicate on individual cases of alleged discrimination and the Commission will have the power to assist individuals financially to pursue their cases. Cases of religious dis-crimination will in future be handled in a similar way to

cases of sex discrimination. Where monitoring fails to show that the composition of a workforce is not broadly representative of the area from which it is drawn, the FEC will be able to direct employers to embark on affirmative action programmes. Such programmes will help under-represented groups to have access to jobs by broadening social and

and removing obstacles pre-venting a wide range of applicants coming forward. The proposed legislation also endorses the merit principle as

being central to the Government's fair employment policy and any form of quotas or reverse discrimination will remain illegal. Nevertheless, Ulster's unionist community is not convinced by the assur-ances and have set up a separate body to monitor the new legislation. The Northern

Association believes the Government's determination to reduce religious imbalances

The present Fair Employment Agency has broadly wel-comed the general thrust of the legislation but says if real change is to be made the Government must keep equality of opportunity at the forefront of all its policy decisions, at all

Jim Flanegen

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The development of the economy is lagging behind that of the mainland

Economic gloom is not entirely unrelieved

Centre, the shiny new cars on the roads, the crowded unemployment offices of Strabane, Londonderry or Newry: the economy of Northern Ireland, like most other aspects of life in the province, throws out

contrasting images.

First the good news. Unemployment is down; there are signs of a significant upturn in investment; business confidence is growing. Some indus-tries, particularly fertiles, agri-culture and construction, have performed well over the last 12 months. A mini consumer

"There have been those who have considered the province's economy to be in a state of terminal decline. Yet that is plainly not the plainly not the case," said Mr Peter Viggers, Northern Ireland's Minister for Industry

recently.
The bad news is that Northern Ireland's unemployment rate — 16.9 per cent in August — continues to be the highest in the UK and is twice the national everage. The Northern Ireland economy has lagged well behind development on the mainland and has yet to capitalise on the netional economic npturn. Though there have been signs of recent growth, industrial output has remained generally

static over the past year despite an overall-UK growthof about 6 per cent.

The Northern Ireland economy has a number of characteristics which influence performance. Northern Ireland has a population of only 15m and the manufacturing workforce over recent years has shrunk to 100,000. Exporting is essential to survival. But geographically Northern Ireland is cut off: while communications have improved considerably, the province's isolation does mean higher freight costs.

The seamen's strike earlier this year did as yet unquantifiable damage to the economy. A factory producing chickens for one of the major stores on the land could not export its goods. The chickens grew too fat, the order was cancelled. A local entrepreneur watched his mushroom crop rot. Often the small stretch of water between the mainland and Northern ireland seems to have an adverse psychological impact

Public expenditure per capita in Northern Ireland is about 40 per cent above the national average. More than 40 per cent of all employees are in the public sector. Public expenditure is equivalent to about 70 per cent of GDP, well above national figures but propor-

tionately on the decline in 1988. Bucking the national recent years. (An interesting trend, employment in the manfactor is a dramatic revision. at present underway, of official GDP statistics for Northern Ireland. New statistics suggest that since 1983, the GDP of the province has been underestimated by more than 3 per cent per year - computer error has been blamed. With such a large dependence on public expendi-ture, government cutbacks have obviously had a negative impact on the Northern Ireland

one of the main thrusts of recent Government policy has been to cut back on the reli-ance of Northern Ireland's economy on external finance. It has instituted a "Pathfinder to identify and tackle some of the main constraints on economic development in on economic development in the province. Fewer grants and more diversification have been emphasised. The growth of small businesses has been encouraged through bodies such as LEDU the small business agency which has pro-moted nearly 20,000 jobs in the past five years. There have been 18 local enterprise centres set up for small businesses. Achievements in the employ-

ment sector have been impresive with numbers out of work dropping from 180,000 two years ago to 117,000 in August

ufacturing sector has actually grown slightly over the last 12 months. However, there is still e considerable gap between the unemployment decline and levels of new jobs. This is in part explained by emigration from the province estimated to be running at about 7,000 per annum (mostly graduates and skilled workers) and statistical quirks due to the impact of the many government-sponsored job training schemes in opera-

tion in the province. Northern Ireland has a younger population than the rest of the UK and a workforce that is growing at more than five times the national average. While some view this as a problem, Northern Ireland ministers say that with shortages of young workers now increasingly common on the mainland, Northern Ireland, with its well-educated and skilled numbers of young peo-ple, will in future have distinct

The Industrial Development Bank, the highly energetic and resourceful Government body responsible for attracting investment in Northern Ireland, says that in 1987/88 it promoted 5,300 new jobs and a total of £300m was invested in projects, supported by the

nearly half the new jobs resulted from expansion by companies with headquarters outside the province. Mr Tony Hookins the IDR's chief executive since August, says that cost competitiveness and reliability are Northern Ireland's

biggest selling points.

"We don't lead with our financial inceptives package.
Rather we emphasise the work ethic of Ulster people, high educational standards, our performance, productivity and industrial heritage," says Mr Hopkins. Again, there are difficulties about perceptions of Northern Ireland. We find more difficulty getting our message across in south-east England than in South Korea. As long as people have open minds and come here to see the situation for themselves we

are all right," says Mr Hopkins. The IDB has put a great deal of resources into the development of the textile industry in Northern Ireland in recent years. Textiles and clothing now employ more than e quar-ter of the total manufacturing workforce in the province. Over the last three years 198m of IDB money has been put into the sector. Output has climbed considerably. Old industries, particularly linen,

have been revived. There are

now encouraging signs of the development of more down-stream cost-added enterprises.

Agriculture, which employs about 10 per cent of the working population in Northern Ireland, has been going through one of its more buoyant phases, with good weather leading to higher crop yields and e rise in incomes. EC quota restrictions on milk and beef output are, however, likely to result in a bleaker period on the lands of Northern Ireland. The construction industry has been helped by the big growth in the retail

Consumer expenditure has continued to be buoyant, with average weekly expenditure per household ahead of many areas in the rest of the UK

House prices, while gener ally below many areas on the mainland, have risen substantially, particularly at the top end of the market. Registra-tions of many of the more lux-urious cars are among the highest in the UK. There are certainly some areas of gloom in Northern Ireland's economy, but it is by no means a uniform picture.

FINANCIAL SERVICES

Proposals for overhaul

NORTHERN IRELAND'S financial services sector, which employs around 30,000 people, is assessing the implications of one of the most comprehensive reviews of the local industry ever undertaken.

A special banking task force, established under the Government's "Pathfinder" programme which is aimed at ment's "Pathfinder" building a stronger economy, has produced radical proposals for future development. The recommendations, encompassed in a document entitled
Banks and the Wider Economy
and published jointly by the
Department of Economic
Development and the Northern
Ireland Bankers' Association,
will, if implemented, result in a
complete overhaul of the local
financial services sector.

financial services sector. Many of the action points complement the Government's overall strategy of reducing the Ulster economy's reliance on public funding and, in the long public funding and, in the long term, encouraging a strong, independent market for busi-ness advice and financial ser-vices delivered by private sec-

tor agencies.

It all adds up to an exciting period in the development of a sector not prone to rapid

Lunchtime opening, intro-duced in Belfast last year by the province's four main clear ing banks, Northern Bank, Allied Irish Bank, Bank of Ireland and Ulster Bank, has proved successful and is being extended to provincial towns. A "change agreement" con-cluded recently between the NIBA and the staff union, the Irish Bank Officials Associa-tion, will allow for greater flexibility in the provision of customer services. The main effect will be to increase part-time staffing levels, a move resisted by the union for years. The threat posed by the ability of building societies to offer an ever-increasing range of accounts and services has made modification of traditional banking practices inevi-

The trend towards separating corporate and retail banking functions is proving of immense value to the business community. The result has been an improvement in business customers' financial planning methods and a decline in the number of failures.

Mr Sam Torrens, chairman of the NIBA and chief executive of the provinces's biggest Continued on Page 4

NORBROOK

Animal drugs manufacturer

proud boast is that its products are used on goats in the Alps and elephants in Burma. The company, based at Newry near the border with the Irish Republic, now exports to more than 70 countries and last year bad a turnover of £12m. This year sales have increased sig-nificantly and an £8m expan-

sion programme is underway. Norbrook manufactures a range of drugs for the world's animals. Founded 20 years ago, the company is proof that pite the political upheavals and violence of recent times in Northern Ireland, good ideas and enthusiasm can win

through.

Norbrook is now the higgest employer in an area which is one of Northern Ireland's jobless blacksnots with an unemployment rate of more than 27 per cent. The company employs a total of 260 people, and when the present expan-sion programme is complete another 225 jobs will be cre-

Norbrook was founded in the late 1960s by Mr Eddie Haughey, an entrepreneur born over the border in the Irish Republic. New UK government regulations had been brought in tightening up on the manufacture and dispensing of veterinary antibiotics. Mr Haughey started manufacture and dispensing of veterinary drugs in line with the

stringent new laws. Norbrook, employing a small group of chemists and vets, also embarked on a research and development programme. The first breakthrough came in 1974 with the formulation of a painless injectable antibiotic,

Another step forward was the patenting of a long-acting antibiotic which enabled farmers to cut down on the number of times they had to inject their animals - a considerable time-saver, especially for those

The bulk of Norbrook's work is now manufacturing for the big chemical companies, who then retail Norbrook-manufactured products under their own brand names.

Though it is estimated that the global market for veterinary drugs is £2.5bn, most of the chemical giants concentrate on the much bigger mar-ket for human drugs. Norbrook sells to 15 of the world's top 20

Over the last five years it has also begun to market its own products: the company has a 15-strong sales force based in London and has increased global sales of its own products substantially, particularly in the last two years. Response in East Africa has been good with sales of more than £1m in Kenya.

Mr Michael rownsley is Norbrook's commercial director. "We want to be a very large company and have hig ambitions. We are also a very young company: the average age of our employees is not much more than 30."

Mr Townsley admits that some customers are unsure about doing business with a Northern Ireland company. Image is a problem. We have to try more than others. But once people come here, see what it's really like and see the quality of our workforce, the problems disappear. We regard ourselves as diplomats for Northern Ireland, says Mr Townsley. Northrook says it has never had any strikes and if there is any antagonism between workers from the dif-

The company recently achieved a big breakthrough in the US market, which accounts for about 35 per cent of global veterinary sales. After exhaus-tive inspections the US Food and Drug Administration granted Norbrook a licence to sell its pemicillin products in the US - the only foreign veterinary company to obtain such permission. A recent US order of \$2.5m was the company's biggest contract to date.

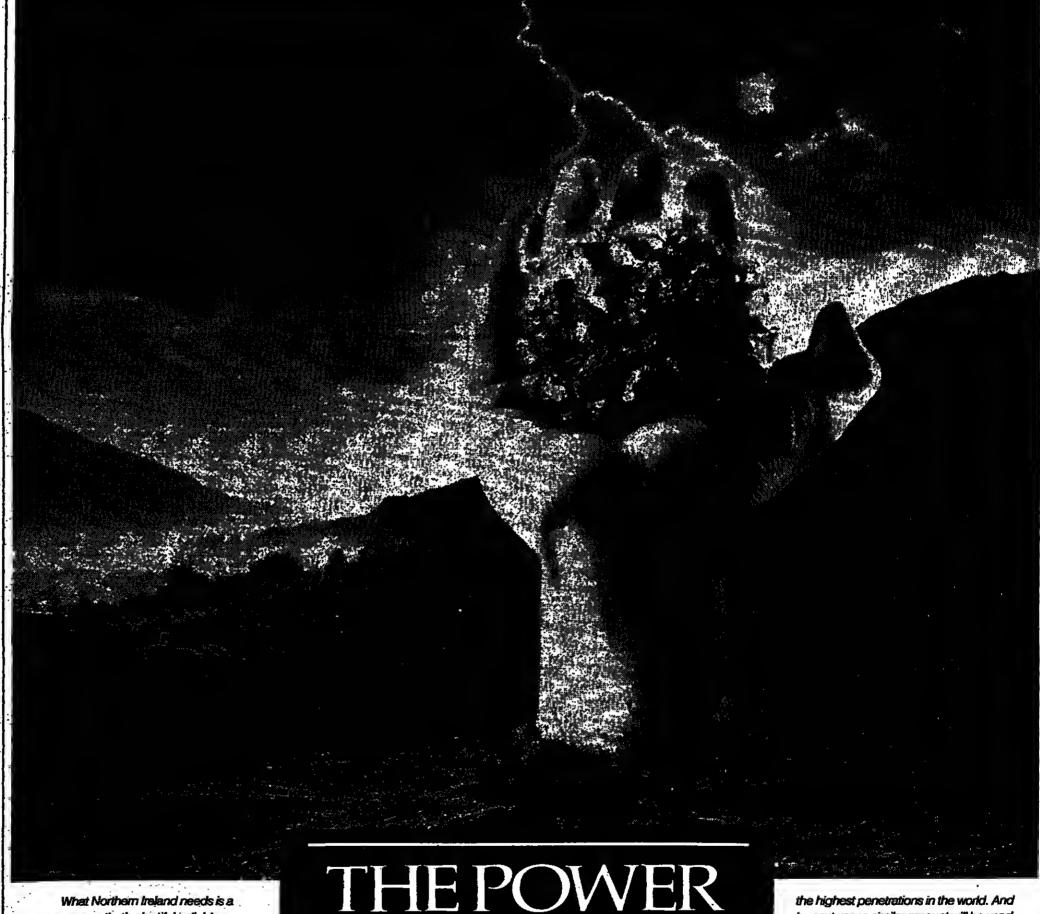
Norbrook feels it has the edge over the other companies mainly because of its extensive edge over the other co research and development programme and its data proces ing facilities. Regulations on animal drugs are becoming increasingly tight and all drugs have to be accompanied by an ever more complex list of data on exactly how they should be used and what effect they have on a particular animal.

The company has invested cated technology. The Indus-trial Development Bank and Unit (LEDU) have helped Nor-brook at various times. But is often hard to come by. Banks within Northern Ireland often lack the necessary exper-tise to deal with global transac-

Banks outside Northern Ireland are still often preju-diced against doing business with compenies in what they perceive to be riot-torn North ern Ireland. Again, perception and reality are far apart.

Kleran Cooks





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by next year a similar amount will be used INTHELAND to produce electricity at Belfast West and Kilroot power stations. Important industrial concerns such as Dui Pont and Blue Circle rely on British Coal. The Royal Victoria Hospital in Belfast and Altnagelvin Hospital near Londonderry are also customers of British Coal.

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NORTHERN IRELAND 4

The future for Northern Ireland Electricity

Energy devoted to debate

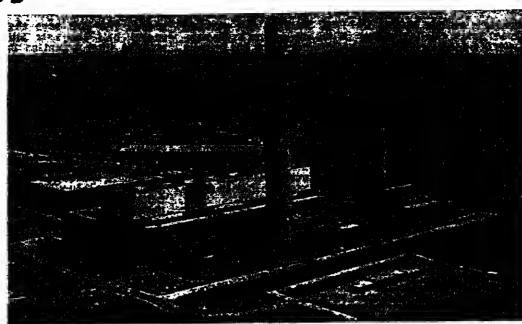
DR ROELOF Schierbeek. chairman of Northern Ireland Electricity, has clear views about future ownership of the public utility should it be transferred to the private sec-

I'm certainly in favour of a flotation producing a wide share ownership, with hopefully many shareholders in Northern Ireland, says Dr

Schierbeek. However, the chairman's bold statement needs to be assessed in the context of a privatisation debate which has only just begun. Plans to privatise NIE, along with aerospace manufacturers Short Bros and the Harland and Wolff shippard, were announced recently by the Government.
"At present both the govern-

ment and our own advisers are assessing the financial implica-tions of privatisation," says Dr Schierbeek. "We are content to discuss the concept with Government and examine all possibilities. The most important factor to be considered is the effect on the Northern Ireland economy. If we can find ways and means to privatise NIE without adversely affecting the economy, we will be happy to

Dr Schierbeek is strongly in favour of NIE being retained as a self-contained entity. "One can see a third party buying the whole of NIE but I do not think that would be in the interests of consumers. I believe a flotation with many local shareholders including



NIE employees either individually or as a consortium would be beneficial. It is vitally important that NIE remains a single unit and is not sold off

"After all, it is only 15 years ago that the various undertak-ings in NIE were amalgamated and it produced increased efficiency and productivity. It would be very difficult to con-vince me that breaking it up again would also produce an

improved performance." Plus points favouring a single organisation include the availability of NIE's pool of experience which can deal with all aspects of electricity trans-

mission and generation.
Dr Schierbeek believes that the role of the regulatory body will be of vital importance if privatisation comes about. In Great Britain the Government seems to be favouring a regulator based on electricity charges rather than on profit. How it is developed here remains to be seen. It is also cracial that any new organization starts with a sound financial structure which is in the best interests of

Inst when privatisation will occur will depend on whether NIE is treated as a separate entity or part of the overall UK privatisation plan, but the process could be completed within three years. Because of the impending retirement of two of Ulster's older nower stations Ulster's older power stations and an annual growth rate in electricity demand of about three per cent a year, the province needs new generating canacity by the mid-1990s. On July 15 1988 Mr Peter

Vigners, Northern Ireland

industry Minister, made two announcements which had a profound effect on Northern Ireland's energy debate. The Government ended months of speculation when it announced the privatisation plan and dis-closed that Kilroot Power Station near Carrickfergus in Co. Antrim would be developed to meet the province's immediate

energy requirements.

The decisions put into abey-suce plans to build the UK's since plans to build the UK's first lightle-fired power station in Northern Ireland. Lightle or "brown coel" has been found in vast quantities at Ballymoney and Crumlin in Co Antrim, providing a region which, in the past, has relied on costly insports with a valuable indigeness accorded to the UK's with a past, has relied on costly insports with a valuable indigeness accorded to the UK's and the UK's with a valuable indigeness accorded to the UK's with a valuable indigeness according to the UK's with a valuable indigeness. enous source of fuel

NIE's long-term objective is to move to a fuel diversifica-tion strategy of one-third oil, one-third cost and one-third

Three years ago when coal and oil prices were high it seemed as if lighlic offered the most economical way of providing new generating capacity. Both NIE and Antrins Power, a private consortium the shareholders of which included Lamont Holdings GEC, Henson Trust and Bechtel, made detailed submissions to build and run a 450MW lignite-fired power sta-tion at Crumin.

However, in view of recen falling oil and cost prices, NIE made no secret of its preference for developing Kilroot in the short term, leaving lighte exploitation until the 1990s. Kilroot, Uister's most modern power station, was completed in 1962 and was designed as a 1,200MW plant consisting of four 300MW oil-fired units. Spiralling oil prices in the 1970s meant that only two units were installed and they are being converted to use either coal or oil when they come on stream early next

In reaching the decision over future energy capacity, the Government was clearly influenced by the large capital investment already made at Kilroot. At El50m, the cost of installing the other two gener-ating sets is less than half the capital cost of a new lignite station. Kilroot phase two will provide a capacity of 360MW.if cont-fired and 520MW if oilfired, giving the province the which turned in a reconstruction of the impending retirement of year ending in March. two power stations in Belfast

and Londonderry.

Antrim Power was not impressed when Mr Viggers said it had put together by far the most interesting and attractive private proposal. The company spoke of "bersi-derment" at the Government's armousocement and claimed it had reached a decision outside

the terms of the original com-Antrim Power had put ingether a financial package solely from private sector sources with the participation of British, Irish, Japanese, Con-tinental and American hanks.



Or Schierback

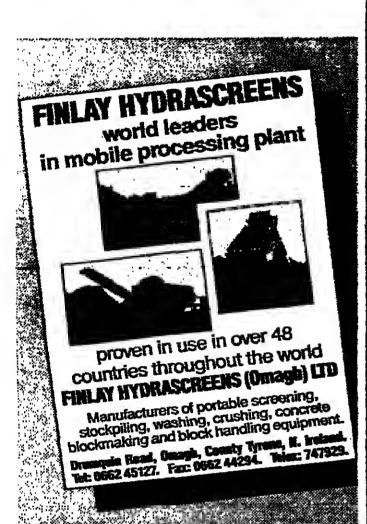
They projected an upput of private capital into Northern ireland of about £700m, resulting in hundreds of permanent jobs and providing 2,900 jobs in construction.

It was clearly an attractive proposition for a privatising government but the economic arguments in favour of Kilroot

proved decisive. In sharp contrast to Autrim Power. Meckatharra Minerals, the Australian company with the prospecting rights to the Ballymoney field, welcomed the Government's energy strategy. Meekatharra believes that lignite, feeding a new power station adjacent to a Ballymoney mine, will provide the charpest electricity in the UK and permanently remove the need for the subsidisation of the province's electricity

The way is now clear for a detailed study of the respective merits of the lignite fields to ensure that the correct approach is taken in exploiting the fael. However, before that particular issue is settled, the spotlight will clearly be on the privatising of a company which turned in a record operating susplus of £11.5m for the

Jies Flanguer



Interest from East Asia

INWARD INVESTMENT

MENTION SEOUL and millions of minds immediately turn to the spiendour of last month's Olympic Games. But the South Korean capital also symbolises something entirely different for officials of Northern ireland's main jobs promotion agency, the Industrial Development Board. Recognising East Asia's potential as a source for new investment, the IDB opened a new office in Second last year.

The move was part of a coordinated strategy to encourage new inward investment which is so vital to the eco-nomic well-being of a small regional economy. According to the IDB, established and new overseas companies invested £159m in Northern lond last year and accounted for 2,513 of new jobs promoted. Such statistics go against a general impression that international concerns are rejuctant to invest.

Given years of adverse media coverage the task of attracting new overseas invest-ment to Ulster has never been easy. The concentration on violence tends to overshadow the province's attractiveness as a husiness location. Periods of political instability and pro-longed civil unrest undoubtedly undermine efforts to persuade foreign investors that the province has a lot to offer - not least of which is a highly attractive package of selective financial assistance. Last year 12 new projects which will bring 867 jobs were

415 and 224 jobs generated by new inward investment projects in 1986/1987 and 1985/1986

The decisions by two leading software companies, McDonneil Douglas Information Systems and Capita (UK) to set up operations in the Belfast aren were significant. Ameng new IDB projects was an agreement with Neotech Industries of Irving, Texas, to make digital pressure ganges at the Antrim Technology Park, an investment which will create

The AVX Corporation, an American-owned company which is a world leader in muiti-layer ceramic and hybrid surface mount capacitors, is a pany experiencing success. The company first invested in Northern Ireland in 1979 and since then has secured high rates of productivity and sales. Its Northern Ireland operation holds the company's productiv-ity record and sales have increased from \$4m to \$40m in

eight years. The IDB's overseas promotion officers are the "front line salesmen" in the quest for internationally mobile invest-ment projects. Specialists in charge of sector marketing campaigns in food processing, information technology and medical equipment provide targeted support in identifying investment opportunities.

The search for new investment projects is concentrated on the key areas of North America, Great Britain, Conti-nental Europe and East Asia.

Considerable IDB resources have been devoted to the Far East compaign. As well as the Secol initiative, as enlarged team in Japan has moved and a new office in Tokyo and organised a series of seminars for specially selected compa-nies. An increased number of Japanese business visitors came to the province and were able to see the province's second Japanese hivestment, Can-

you Europe, in operation.
The IDB's Hong Kong repre-neutative has been involved in forging close links with state es corporations in China and serlier this year Mr Peter Viggers, Northern Ireland Industry Minister, led the sec-ond IDB trade mission to China. Significantly, the first sion from China took place when Miss Xu Yan, an official of the China Council for the Promotion of International Trade, spent two months in the province studying the prov-ince's economic infrastructure. The IDB is hopeful that its campaign in East Asia will be reflected in further investment

projects in the coming months. in Great Britain the North-ern Ireland Business Centre received visits from more than 500 business contacts, and presentations on the province were made to more than 40 were made to more than 49 influential groups. In Europe a new office was opened in the World Trade Centre in Amsterdam which is being used as a base for the IDB's promotional work in the Beneiux countries. and France, investigations are continuing into Scandinavian investment opportunities, and

in West Germany the IDB's presence in Directorf has been doubled. The United States continues to represent a target stee and the EMS has strengthened its network of the EMS in Mark of the EMS offices in New York, Sen Fran-cisco, Chicago, Hoston and Los

As well as focular on the province's excellent track record in industrial relations and well-educated workforce, the IDB can also other an impressive package of selective flusticial assistance. Capital grants of up to 50 per cent, depending on location, stocks of land and industrial premises, per capita employment grants, rept and interest relief grants, and management incentive grants for companies agement recruitment problems, are just a sample of the incen-tives available.

Dozens of Northern Ireland's leading exporters have also been making strenuous efforts to tap new markets. This year the IDB is undertaking its most ambitious ever trade mission programme, taking Northcan heland companies into the heart of some of the most chal-lenging and dynamic market places in the world. The list makes impressive reading: Saudi Arabia, South Korea, China, Hong Kong, Japan, United States, Canda, Italy, Portugal, Denmark and Nor-ray. It is indicative of the determination of local compa-nies to use government help to exploit international marketing opportunities.

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Proposals for overhaul

Continued from Page 3

bank, the Northern, believes the industry is well-geared to meeting the challenges of the future. Mr Torrens says the segmentation of banking services is proving to be a major success, with corporate cus-tomers now having speedy access to professional financial management advice. "Special managers who deal personally with a selected portfolio of business customers are becoming commonplace. They provide expertise and a lot of work is done on the customer's premises. It leaves the individ-ual branch manager free to deal with the day-to-day running of accounts and this has improved efficiency." Specialist corporate banking

centres are also providing a focal point for Government agencies engaged in producing financial packages for prospec-tive companies. But the main talking point in the industry this year has been the work of tha banking task force. In the. search for progressive ideas and constructive proposals, the task force has acknowledged a number of important shortcomings in the industry.

While the emphasis was on the banks, its recommenda-tions have implications for the wider financial services sector in Northern Ireland. The failure of banks adequately to promote and market the wide range of services available to ess customers was identified as a major problem. There is a need for positive action to improve this situa-

and restrict the development of an entrepreneurial society," the task force reported.

Northern Ireland is currently lagging behind the rest of the UK in terms of growth in the financial services sector. Even though modern telecommuni-cations and deregulation of the financial market place has removed the need for concen-tration of development in the south-east of England, employ-ment in the financial services sector on Northern freland rose by only 12 per cent between 1979 and 1986 com-

pared to a Great Britain average increase of 34 per cent.

The disparity partly reflects the computerisation of banks during this period and the general state of regional economies, but it also suggests there is room for additional local employment. The task force initiative has

stimulated a frank and open debate about how best to meet the challenges of the future. Greater interaction between the banks and Northern Iraland's economic develop. Ireland's economic development agencies such as the Industrial Development Board and its "little brother", the Local Enterprise Development Agency (LEDU), is advocated as a matter of priority. Other key recommendations

• Further interchanges of staff between the banks and appropriate areas of government on a two way basis;

morale, both in the banking sector and in the business community, and must discourage local development agencies, banks and business people to exchange perceptions and tech-

niques;

• Subject to appropriate confidentiality, consideration should be given to the possibility of the Government making sectoral information available

to the banks;
• LEDU and the banks should collaborate to provide a com-mon business information pack and agree a standard format for business plans to be drawn up with assistance under the Better Business Services Scheme

A package of intensive sup-port for high potential compa-nies operated by a banks/gov-erument partnership should be

developed;

Other financial institutions should follow the banks in increasing their advisory services and industry/education links being developed by government:

Various other ideas have also been floated by the task force including a re-examina-tion by the banks and Government of the Loan Guarantee Scheme with a view to relaunching it on a collabora-tive basis. Further research is likely to focus on the extent to which funding by government agencies may be "crowding out" private sector funding, and the financial practices of businesses and their attitudes to new ways of raising funds.



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EXPORTS

NORTHERN

FROM

A member of the Massack Group

NORTHERN IRELAND 5

Belfast confounds the first-time visitor

A monument to resilience



The Belizzt Grand Opera House has been rectored to its former Edwardian splendow

"IF YOU want to make money in Belfast, be a glazier," the local joke goes. Over the last month there has been a series of bomb blasts in Belfast city centre, including one which shattered several stained glass windows in Belfast's Victorian City Hall. Within minutes of the explosions, life was back to normal.

Reliast confounds the firsttime visitor. It is a monument to the resilience, stubbornness and drole humour of its people. Despite the bombs and the bullets and, perhaps most devas-tating of all, the ever-present spectre of unemployment, the centre of Belfast bustles: its Marks and Spencers is one of the chain's most busy stores in Britain. Nearly 200 restaurants have been opened in the city in the past five years. There is a thriving artistic life with plays and concerts regularly attract-ing capacity audiences. The Befast Grand Opera House has been restored to its former Edwardian splendour.

white si

1.00

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47,77

Outside the city centre, life is rather different. In some pockets of the city like New Lodge in North Belfast, there is more than 70 per cent unemployment. Fences and security posts surround neglected streets. Five minutes drive and it is like two different cities. One in three of Northern Ireland's population live in Bel-

fast. This month, Belfast celebrates the centenary of the granting of the Royal Charter by Queen Victoria bestowing on it the status of a city. Mr Nigel Dodds, at 30 the youngest Lord Mayor not only in Britain but possibly in the Common-wealth, sees the centenary as an ideal platform to promote

the city.
"It's a time to demonstrate that life goes on in this city: that despite the bombs people have won the city back and they are now looking to the future," says Mayor Dodds.

Throughout October a number of city-wide events have been planned, including the premier of a specially commis-sioned play based on the city's development, an international cycling grand prix round the city centre, and a series of lectures on various aspects of Bel-

Politics is never far away in Northern Ireland: Sinn Fein, the political wing of the IRA, holds nine seats on the Belfast City Council. It describes the centenary celebrations as discriminatory and accuses the majority Unionists on the Council of ignoring nationalist areas of the city, a point bit-terly contested by Mayor terly contested by Mayor
Dodds.

"Sinn Fein try to politicise
everything. Its very presence
on the City Council poisons
"In the contested by Mayor
facture of tobacco.
Its shipyards, centred on the
giant Harland and Wolff yard,
led the world in ship construction. Liners like the Oceanic

Belfast built. The benches in the City Hall council chamber were carved by the same craftsmen who worked on the lavish interior of the Titanic. That's why I climb up to the top of the City Hall each morning to check there are no ice-bergs coming," says Mr Der-mot Megarry, Sergeant at Mace and the Lord Mayor's atten-

While there has been a serious erosion of Belfast's industrial base, 28,000 of the city's workforce are still employed in manufacturing. In recent years, serious efforts have been made to tackle some of Bel-

improvements. In some of the most troubled streets of West Belfast, houses have new roofs and neat looking fronts. A 1979 survey found 25 per cent of Belfast housing in need of major improvement and 15 per cent unfit for habitation. According to the Department of the Environment, the body responsible for housing in the province, just under half of the £2.5bn spent on housing in Northern Ireland since 1981 has been allocated to Belfast. There have been 30,000 houses redeveloped: hundreds of new homes have been built and the number of houses considered unfit for babitation has been

A Belfast enterprise zone, se up in 1981 along with 10 other such zones in the UK, has attracted more than 200 compamies and well over 2,000 jobs. A £240m scheme to improve and develop derelict areas along a 1.5 mile stretch on the banks of the Lagan river, which flows through the city, is underway. Plans are ambitious: they include a "harbour village", a marina and waterfront hous-

Communications with Belfast have improved a great deal over the years. Belfast Airport. has just started a £40m development programme and both domestic and international passenger traffic is at an all-time high. No one, espe-cially its inhabitants, denies that Belfast has its problems. But with its hills and sea, it remains one of the UK's more pleasant cities, fiercely proud of its past and ever hopeful of a more peaceful future.

PEOPLE IN Northern Ireland are not battling each other all the time. Far from it: for the most part, Northern Ireland is a peaceful community. Often in those areas where there is conflict or deprivation, a vari-

ety of groups is trying to improve the situation.

A recent report described the New Lodge, a mainly Roman Catholic working class community in North Belfast, as an area of chronic multiple depri-vation and impoverishment. New Lodge has a population of 5,700. Unemployment is more than 70 per cent and in the 16 to 25 age group, nearly 90 per

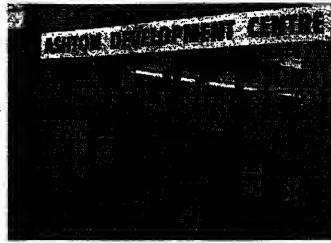
The area has seen a great deal of civil unrest over the last 20 years and lacks many basic amenities. The security forces make regular raids. There is often rioting and there have been several sectarian attacks.

Now a scheme is underway which it is hoped will be a first step towards improving the lives of New Lodge res Plans are to build a multi pur-pose co-operative business centre on a derelict site in the middle of the area. While a substantial portion of the money for the project is likely to be provided by government, initial funding is being raised from New Lodge residents through a share ownership

Mr Seamus McAloran is a local community worker who has been fighting for more amenities for the New Lodge area for many years: "The cen-tre will not solve all the problems, far from it. But it will be

NEW LODGE SCHEME

Co-operative plans



The Ashton Centre project: bringing confidence

vital in getting people to believe that they can do things and improve things them-selves; that despite everything they can succeed."

The cost of the centre, which will eventually comprise a supermarket, retail units, an enterprise centre and indus-trial premises for small local projects, is estimated at £550,000. The share ownership scheme, launched last month, is designed to demonstrate to government, other ontside agencies and the people of New

Lodge themselves, community

involvement and commitment to the project.
Every Friday night, offically-nominated collectors tour the New Lodge area. Each household is asked to contribthe £1 to buy a share. The col-lections will go on for 35 weeks. To be full voting mem-

ber of the Ashton Centre Co-

operative, a minium of 35 shares must be held. Mr McAloran says the response so far has been far better than anticipated. "On the first night's collection, covering only part of the area, we

achievement in an area where there is so much unemployment. People here are now talking about shares for the

first time in their lives." The target is to raise at least 10 per cent of the total cost of the project from local sources and from other agencies. The Roman Catholic Church has contributed £10,000 and approaches have been made to organisations such as The Ireland Fund.

The Belfast Action Teams, set up last year by the Department of the Environment to look at the problems of specific areas, have helped at various stages of the Ashton Centre project. Support and assistance has also come from other community projects: the Galliagh Co-op in Londonderry, which organised a similar share scheme in the early 1980s and is now a thriving enterprise, helped in planning and advis-

ing the Ashton Centre. It is hoped that work on the Centre will start by the end of Centre will be a panacea for all the problems of New Lodge. But it will bring confidence and positive development to

Kleran Cooke

Agriculture is the province's largest industry

A more prosperous year

ULSTER FARMERS never two successive years producers count their chickens before suffered significantly from a they hatch, so if there is an air of optimism about recent improvements in the province's largest industry it is only felt as a mild breeze on the land. And if pundits point to a rise in farm incomes of over 80 per cent in the past year, others, much closer to agriculture, quickly put things

into perspective. According to the Department of Agriculture total, farm incomes in Northern Ireland rose from £62,2m in 1986 to

£113.8m last year, a rise of 83 per cent. Farmers leaders, however, stress that four years ago farm incomes were worth £130m and they emphasise also that in

fall in returns.

"Partly because prices received by farmers for their produce increased by more than the unit costs of inputs, this represents rather more than just a return to normal from the weather-affected pre-vious year," a senior official in the Department of Agriculture states. In real terms, farming income in the province was at its second highest level since

Lord Lyell, the minister responsible for agricultural matters in Northern Ireland, has now been long enough in the province - over four years - to be just as cautious about things as the farmers he meets "It is too early yet to say whether or not the significant recovery in farming income

last year has been sustained in 1988," he says. "However, bar-ring serious weather problems in the remainder of the year, I would be surprised if there is any marked reduction. Some sectors are obviously doing better than others. Returns to dairy farmers remain firm and throughout the year cattle prices have been significantly

above 1987 levels. Despite somewhat lower market prices, profitability in the sheep sector remains good. Returns from pigmeat and egg production have been poor, however, and the industry faces higher feed prices as a United States," says Lord

On a more positive note, the minister points to the reopen-ing of the agricultural development programme for the "less favoured areas" of the province and the fact that the strengthening of sterling has reduced MCA's - Monetary Compensatory Amounts - to low levels.

"The future will not be easy but in Northern Ireland we have an industry which is adapting well to the changes in EC policy and which is much more efficient than it was 10 years ago. The longer I am here the more I am convinced that the industry can face 1992 Continued on Page 6.

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local government," says Mr Dodds, a member of Mr Ian Paisley's Democratic Unionist

Party. Sinn Fein, which earlier this year held its own festival in West Belfast, is boycotting the centenary celebrations.

For their part, the City Council's Unionists have

waged, along with the rest of the Unionist community, a stri-

dent campaign against the 1985 Anglo Irish agreement. "Bel-fast says No" proclaims a ban-ner on the City Hall. Because

of the agreement, Council offi-

cials have no direct contact

William Makepiece Thack-eray, writing during a tour of Ireland in the 1840s, found Bel-

fast "a place that seems

devoted to preaching, politics and frade". Louis Macniece.

Belfast born and one of

Britain's great 20th century

poets described the city as

devont and profane and

hard". Belfast has a lot to be proud

of in its history. A century ago it was the premier city in

Ireland, the centre of what was

the world's largest linen indus-try, involved in a whole range

of enterprises from ropemak-

ing to distilling to the manu-

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Gallaher Tobacco is tha leading tobacco company in the UK, distributing many famous brands and maintaining jobs in several areas of high unemployment.

Gallaher is particularly proud of its roots in Northern Ireland where, as well as being one of the largest private sector employers, tha Company supports a wide range of community interests.



Through the Gallaher Business Challenge Awards Scheme set up by the Company in 1986, Gallaher aims to highlight Northern Ireland's most enterprising small businesses. Also, as one of the major funding bodies since 1981 of the highly acclaimed Uister Orchestra, Gallaher is helping to bring live

performances of orchestral music to audiences throughout the Province. Gallaher's relationship

with Northern Ireland spans two centuries and the Company is firmly committed to continue being a part of Northern Ireland in the future.

on persuading holidaymakers to see the whole of Ireland, and the advantages of travelling via Scotland and Larne are

heing highlighted in a special campaign. The board is also

focusing on cruising and fish-

In North America, too, the emphasis is on partaking of the

whole Irish experience with

the accent on the uniqueness of the Giant's causeway and

the province's world class golf

courses. in Australia, heritage links are being underlined and

irish experience with the excel-

lent transport links between

The board also recognises

holiday campaign in Northern Ireland as more and more peo-

of the importance of tourism to

the local economy. "Across the

province visitor centres, heri-tage centres, facilities for

campers and caravanners and

picnic sights have multiplied.

All-weather facilities have

een built in modest acknowl-

edgement of the fact that the

sun does not always shine. The

European Commission is

happy to have contributed to the infrastructure of a tourist industry that will play an ever

more important part in the eco-

nomic development of North-ern Ireland," says Dr Kennedy.

Throughout Northern Ireland's 26 council areas, local

authorities are taking the ini-tiative and providing attractive facilities to complement excit-

ing developments being emder-taken by the private sector. The Northern Ireland Aquar-

imm opened at Portalerry last

year attracted more than

100,000 visitors in its first 12

months. The International Fund for Ireland, set up with donations from the United

States, Canadian and New Zea-

land governments, has also been supportive of local tour-

A total of 56.2m has been

allocated to the fund's tourism

Ireland and a unique butterfly

ism initiatives.

European Community.

ing holklays.

highlighted

The tourist industry struggles to promote the province

Blessed with outstanding beauty

THE JOB of promoting Northern Ireland as an attrac-tive tourist region and an ideal holiday location does not become any easier. Few sectors suffer as adversely as tourism from the stigma of civil unrest and it remains to be seen how much permanent damage has been inflicted on the industry

upsurge in violence. What is clear is that outrages such as the murder of six British soldiers at a charity run in Lisbura do serious dam age to the efforts of those engaged in promoting Northern Ireland's tourist qualities. Already growth estimates for the industry this year have had to be reviewed. Ulster's tourism chiefs are expecting nil growth for 1988, a fall of five per cent in numbers and a 2 to 3 per cent decline in reve-

Pictures of carnage and destruction beamed to international audiences provide pow-erful, yet misleading, images of a region blessed with some of the world's most outstanding areas of natural beauty. The sad reality is that the breath-taking scenery of the Antrim coast or the province's top class recreational and leisure facilities never make headling

Exasperated Ulster holidaymakers abroad know only too well how easily the distorted views can travel. "A French family we got to know were totally amazed to learn that Ulster has a big tourist indus-try. They had only heard of the bombs and bullets," said one Belfast woman recently returned from Spain. Unfortunately it is a common misconception and there are limits to what can be done to redress the balance.

A bomb attack in the centre of Belfast two months ago caused damage estimated at around £4m - more than the Government sponsored Northern Ireland Tourist Board's annual budget for promoting

Ironically, Ulster tonrism reached a pinnacle in 1987 with the number of visitors reach-

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Africa . . .

Rod Hackney

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England, Wales, Ireland,

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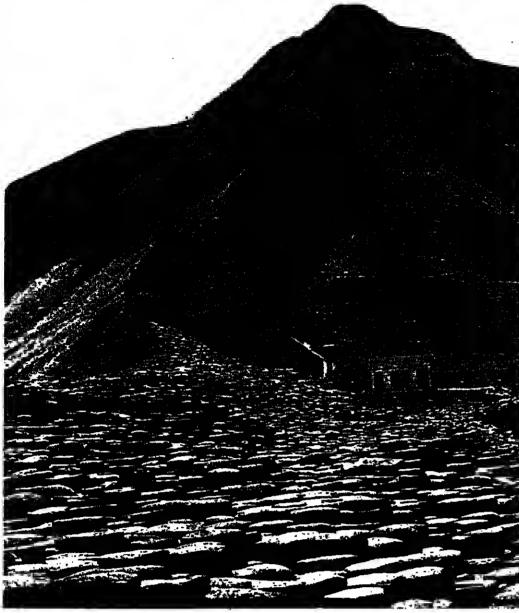
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THE SYMBOL OF NORTHERN IRELAND'S BEST COST ADVICE CENTRES

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Numbers have been boosted by an intensive "Glant's Causeway" poster campaign

ing its highest level in 17 years. The number of visitors 940,000, or a 14 per cent rise, bringing £92m in revenue into Northern Ireland, A concerted campaign to attract Republic of Ireland residents started to

pay off with a 33 per cent increase, giving a total of 347,000 visitors.

The North American slump of 1986 was overturned with a 19 per cent rise in visitors giving a total of 56,000 and the Great Britain market continued to strengthen with a 9 per cent increase giving a total of 481,000 visitors. One disappointment in an otherwise-encouraging scenario was a 6 per cent drop in the European market and the tourist board is determined to redouble its efforts to compete with the iure of long-haul exotic desti-

The figures confirm the Government's belief in the potential for growth in a sector of around 9,000 people. The indus-try was, until recently, on course to meet its promotional objectives and Government guidelines for 1990 of achieving 170,000 pure holiday visitors, total earnings from tourism of £95m, and 300 new jobs in the sector, are well within reach.
The Republic of Ireland is playing a crucial role in the board's promotional activities

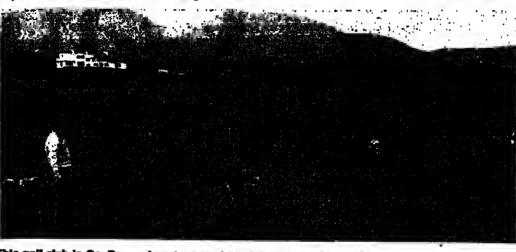
since 80 per cent of pure holiday visitors come to Northern Ireland either from or via the Republic. Research has shown that numbers were boosted by an intensive "Giant's Causeway" poster campaign and the strategy has been stepped up

that the most profitable areas in which to promote Northern Ireland are Scotland and northern England. In Scotland genmoted, while in England sample of the wide range of specialist holidays such as schemes already grant-aided. angling and golf are being

this year. Research has also shown

house at Seaforde, Co. Down, an equestrian centre on the Ards peninsula, and a caravan

Jim Flansoan



This golf club in Co. Down plans to extend its clubhouse facilities with a grant from the Northern freiand Tourist Board. The province's world class goti courses are being promoted by the Board in England and North America

INTERNATIONAL FUND

Biggest contributor is US with \$120m

QUESTION: what do a Co. Down Rallway Society, the West Belfast Development Trust, a chemistry research centre at Queen's University, Belfast and a series of hotel improvement schemes in Co. Donegal have in common? Answer: they are representa-tive of a wide range of projects which have attracted financial support from the International Fund for Ireland.

the province marketed as a The fund, which is exemp from direct taxation and withsary part of a British or out precedent in Ireland, was set up hy an agreement between the British and Irish Britain and Northern Ireland Governments two years ago. lis remit covers the six counties of Northern Ireland and the importance of the home the six border counties of Donegal, Cavan, Monaghan, Sligo, Leitrim and Louth. The area has a total populaple opt for short breaks to sup-

tion of around 2m and the fund vacation. A wide range of pro-jects have blossomed recently with financial help from the is obliged to spend 75 per cent of its resources in Northern Ireland. The United States is by far the biggest contributor Dr Dennis Kennedy, head of the European Commission office in Belfast, has no doubt and has made payments totalling \$120m with the promise of more to come. Canada has donated \$1.5m, New Zealand a one-off payment of \$300,000, and there is the likelihood of **European Community fund-**

ing in 1989. The fund's objectives are to promote economic and social tact, dialogue and reconciliation between nationalists and unionists throughout Ireland". It pursues these goals primar-ily by supporting specific pro-jects judget likely to stimulate private sector investment in economic regeneration. The US directed that its contribution should be used for the stimulation of growth in the private sector, while Canada saked for its donation to be used for

youth training and exchan chairman, makes it clear that while it is true that the estab-lishment of the fund derives from the Anglo-Irish Agree-ment, the fund itself "is in no way political". Although the sum of Film is sizeable, it represents only about a quarter of the combined budgets of the Industrial Development Agencies in Northern Ireland and

the Republic in one year alone. There are limits to what can be schieved, hearing in mind that the fand received 2,000 applications for assistance in the first three months after it was set up. Already there have been criticisms that the Fund's jects worthy of support have been disqualified and that areas of greatest deprivation

have been neglected. Keen to demonstrate its commitment to deprived areas, a review of fund priorities last month resulted in additional funds being earmarked for social and economic regenera-tion in disadvantaged areas. Based primarily on unemployment rates, it is felt that about 35 per cent of people in North-ern Ireland live in areas to be accorded a measure of priority including much of the cities of Belfast and Londonderry and several rural environments.

Among specific measures are a special budget allocation of 23m for a community economic regeneration scheme, and a further than for special projects in areas which might not sat-isfy existing criteria.

The board which administers

the fund considers it axiometic that it should not substitute money derived from the taxpayers of donor countries for

the money of British or Irish texpayers. This general prizol-ple is particularly significant in view of the wide range of grants and loans available from economic development agencies and the European Community. The board also prefers to support a large mun-ber of smaller projects rather

The board prefers a larger number of smaller projects

then a small number of large ones and only in exceptional circumstances would contemabove investing more than Lim

in any one project.

The fund is administered along the broad outline of seven key programmes, each with a specified budget. As required by the fund agreement, two investment companies, each with a fully paid up share capital of 25m, are operating out of Belfast and Dundalk. Their task is to identify the capital needs for ventures of existing or new industrial and commercial enterprises and to provide, on sound commercial criteria, equity capital

The other main programmes and their accompanying sterling budgets are: Business Enterprise (North £9.8m, South £4.0m); Tourism (North £8.7m, South £5.3m); Urban Development (North 27.9m, South £1.6m); Agriculture and Fisheries (North £2.8m, Sonth 13.8m): Science and Technology (North 25.0m, South 21.5m); and Wider Horizons

In addition the fund is also supporting selected special pro-jects, including a feasibility study on the development of the historic Naven Fort site and a youth enterprise scheme to help young people set up in

A significant number of projects have already been imple-

citing has been committed to schemes. The initiatives range from self-help enterprise from self-help enterprises schemes and town centre revisalisation projects, to tourism amonity programmes and fonding for a fisheries research was sel in the Irisk Sea. The Wider-Horizons programme provides for shared experiences by people from both sides of the forder and covers management, skilled workers, students and young poople.

oung people. While no one is naive enough to believe that money can buy peace, discord, conflict and violence flourish in conflict tions of economic instability and it is hoped that the inter-national Fund's efforts may help provide a foundation on which a more prosperous, and h a more prosperous, and ultimately peaceful, society can be built.

Jim Flanagen

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Continued from Page 5

and the future with confidence," says Lord Lyell. Norman Shaw, president of the Ulster Farmers Union and currently chairman of the influential Oxford Farming Conference - the first Ulsterman to fill the office - is worried shout the Government's proposed cuts in research and development. Mr Shaw claims such cuts would damage the long-term interests of every sector of Northern Ireland agri-

"In an agricultural region like ours these cuts are very much against the long-term interests of the whole country. Research is absolutely critical to help reduce production costs, to improve the quality of the product and to maintain our competitive position. our competitive position. These cuts will almost certainly lead to us losing much of our mar-

ket to imports," says Mr Shaw. The volume of agricultural output in Northern Ireland remained virtually unchanged in the past year with the effect of increased sales of most commodities heing balanced by lower marketing of fat cattle and pigs, and a substantial drop in the numbers of livestock on farms at the end of

Substantial price increases for beef, sheepmeat and eggs more than offset reductions for cereals, fruit and poultrymeat

cent in the average producer return for all outputs. With the volume of output unchanged. the value of gross output also rose by 3 per cent to £775.5m. The volume of material and

A year of greater prosperity

service inputs used by the agri-cultural industry fell by over 7 per cent in 1987, mainly because farmers purchased considerably lower quantities of fertilisers and feedingstuffs and imported fewer livestock.
The average unit cost of all inputs was said to have risen by less than one per cent.
Although the total number of heef cattle marketed dropped by over 3 per cent last year, a significant improvement in fat cattle prices and an increase in average carreers.

increase in average carcass weight raised the value of out-put hy over 2 per cent to £254m. Any increase in the value of farmers returns from fat cattle sales was offset to a large extent by a drop in stocks of cattle on Ulster farms at the end of the year. This fall in numbers is taken to reflect decreased indigenous supplies from a contracting cow herd, increased exports of store cattle and calves, and a reduction in the number of store cattle imported from the Irish Repub-

lic in the earlier year. Weather conditions during the year were very favourable for milk production and yields reached their highest level since the introduction of milk cows continued to fall by 2 per cent, output of milk for the calendar year exceeded the 1986 level by 16 million litres, or 1.2

The spotlight has been on the Northern Ireland Milk Marthe Northern Ireland Milk Mar-keting Board recently, follow-ing the High Court ruling that it must end its purchasing monopoly. Dairy farmers in Northern Ireland and through-out many other parts of the United Kingdom will be await-ing the outcome of the appeal which the MMB is said to be lodging against the decision. If the Board loses the appeal the consequences could he far-reaching.

Sheep farmers continued to expand production, recording an 11.4 per cent increase in their breeding flock. Export demand, particularly from France, continued to boost market prices which reached record levels in 1987 with returns for sheep and lambs everaging around 15p per kilo-gram more than in 1986. These higher prices, coupled with the increased level of marketings, resulted in a 22 per cent rise in the value of output to £36.9m.

In the pigs sector a further decline in the breeding herd to just over 60,000 head was reflected in a reduction of nearly 4 per cent in producers' receipts which stood at £73m.

In the poultry sector egg pro-

to expand, the volume of out-put rising by over 4 per cent.

Farmers planted more pota-toes and, despite the fluctua-tions of the market, they were able to show a 17 per cent increase in total value of output. Cereal yields were much higher than in the previous years and total grain production was estimated to have risen by almost 13 per cent.

There was little change in the level of farmers' borrowings for agricultural purposes last year, but with interest rates falling by 25 percentage points over the year, the estimate of interest payments made by farmers decreased by 9 per cent. It was estimated 9 per cent. It was estimated also that the value of total cap-ital investment had fallen by 7 per cent.

All in all, it was a more pros-perous year for Northern ireland agriculture after the difficulties experienced in the previous two years. Farmers, however, have good memories and can recall without any difficulty how an annual income level of £130m four years ago dropped suddenly to £62m in two short years. So they do not shout too loudly about how good things have suddenly become on the land. And they certainly do not count any

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Security Pacific Finance Ltd. 5th Floor Famm House 108 Great Victoria Street Belfast BT2 7BE Tel: (0232) 327993 duction witnessed an upturn against the steady downward quotas four years ago. Although the number of dairy to give an increase of 3 per trend of previous years. Poni-

INSIDE

Air New Zealand goes on the block



The New Zealand Gov-eroment of David Lange (left), yesterday put its state air carrier, Air New Zealand, up for sale in its entirety after acrap-ping negotiations with the Australian airline Cantas, which had been its preferred purchaser of a 25 per cent stake. It is intended that 66 per cent of the airline's

permanently in New Zealand through the creation of a special "kiwi" class of share. British Airways is considered a main contender for the purchase. Page 31

No longer fields apart

Henri Naliet, the French minister of agriculture, meets his British counterpart, John MacGregor, in London today to resolve key farming policy issues. Britain and France have been long standing protagonists when it comes to agriculture, but the two countries have found themselves increasingly on the same side in farm negotiations in Brussels. Bridget Bloom meets the French minister and examines the growing convergence of views. Page 46

Paterson profits fall 27%



Paterson Zochonis, the toiletries and detergent company which makes imperial Leather soan saw full-year pre-tax profits fall 27 per cent to £24.2m (\$42m), mainly

reflecting depressed economic conditions in West Africa. Reduced purchasing power in its main market. Nigeria, stemmed from the government's deflationary policies. Page 37

Another capital idea

Perpetual capital notes have come a long way since their first appearance in 1982 from Puerto Rico and have now been warmly embraced by French state-owned companies. The chemical group Rhone-Poulenc started the ball rolling with a \$1.3bn issue which was quickly followed by a \$350m issue by Credit Lyonnais, the state-owned bank. George Graham in Paris reports on the growing French appetite for these notes and how the fiscal authorities are responding. Page 33-

Markets chart path to recovery



The aftermath of the stock market crash last October is atill being calculated, Some ered the ground lost more quickly then others, with the Mexican stock market showing the best advance this year. Other bourses, however, have proved

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Chief price changes yesterday

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Round-up time in Marlboro country

Anatole Kaletsky examines the logic behind Philip Morris's \$11bn takeover bid for Kraft

ext time you are at a din-ner party and the conver-sation is flagging, try asking the following question: what is the second most famous painting in the world? Everyone puts the Mons Lisa in the num-her one position, but endless controversy ensues about the runner up. Now, try a business variation of this game. What is the second most famous consumer brand in the world?

the world?

Coca-Cola has long been acknowledged as the world leader. And since the mid-1950s, when the familiar Mariboro cowboy made his first appearance on television screens and hoardings around the world, the second position has been almost as easy to agree on. Mariboro, the best-selling cigarette in the non-communist world, has unquestionably been one of the greatest marketing successes in the post-war era.

war era. It has shot Philip Morris from a middling position in the US tobacco industry in the 1950s to unchallenged dominance of cigarette making around the globe. In the process, it has made Philip Morris, with its \$22bn of sales net of excise duties, the second big-

gest consumer products company in the world, after Unilever – and, with its \$1.8bn of after-tax and, with its \$1.85n of after-tar earnings, the most profitable.

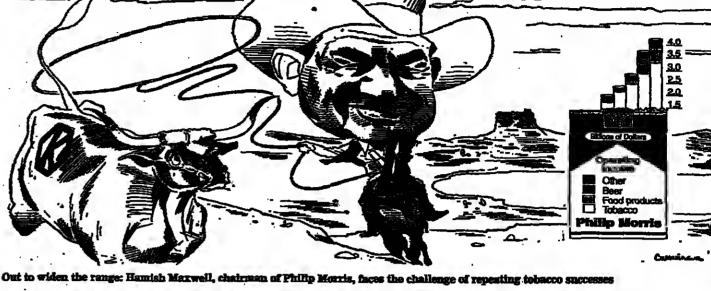
It has also presented the company's management, led by its Liverpool-born chairman, Mr Hamish Maxwell, with a gigantic challenge: how to repeat the Mariboro miracle in some other business whose future is not bitchted by the medical demonstrated by the medical demonstrates. blighted by the medical, demo-graphic and legal problems which have doomed the tobacco industry to a slow but probably irrevo-cable decline.

cable decline.

While Mr Maxwell, a chain smoker himself, would be the last person in the world to acknowledge the long-term demise of the tobacco industry, it is only against this background that one can analyse his record-breaking \$11bn bid for Kraft, announced on Monday night.

Kraft is undoubtedly a good business, especially now that it

business, especially now that it has been shorn of the duhious non-food operations which it acquired in 1980 in its own controversial attempt to diversify. The six-year-old merger with Dart, the consumer products group, was dismantled in 1986. But whether it is really worth



a price of \$11bn or \$90 a share is another question, at least for any bidder not facing the problems of Mariboro's unstoppable success. Mariboro's unstoppable success.

Wall Street's scepticism on this score was well reflected in yesterday morning's stock market action, in which Kraft's shares jumped \$28 but settled at \$38%, somewhat below the Philip Morris bid. As in the case of Grand Metropolitan's recent \$5.1hn bid for Pillsbury, another US food manufacturing stant most suc-

for Pillsbury, another US food manufactoring giant, most analysts were at a loss to see why any other bidder might step in to top the offer for Kraft, which was worth 26 times the company's earnings in the past 12 months. For Mr Maxwell, however, 26 times earnings obviously seemed a reasonable price to pay for another shot at his long-standing ambition to transform Philip

Morris from a tobacco company into the world's biggest marketer and producer of branded con-sumer goods. Unfortunately for sumer goods. Unfortunately for these ambitions, though fortunately perhaps for Philip Morris shareholders, the company's continuing phenomenal success with tobacco has created a financial treadmill on which Mr Maxwell must run faster and faster just to keep his company from being dominated by its own cigarette interests all over again.

When Philip Morris paid \$5.8bn in 1985 to buy General Foods, at that time America's biggest inde-

that time America's biggest inde-pendent food processor, it already seemed set to overtake Unilever in annual turnover. More importantly, it appeared that the hopes of expanding the non-tobacco business to more than 50 per cent of total sales would be achieved

at the same price the tobacco at a stroke. A little more than three years later, the growth of General Foods has proved disappointing All this time, the cigarette business has continued to go from strength to strength, at only 3 per cent annually.

Miller Brewing, the beer company which Philip Morris bought in 1970 in its first much-acclaimed attempt at diversification, has stalled. Miller, which As a result, in 1987 tobacco still accounted for 53 per cent of Philip Morris's total sales and 77 per cent of operating profits. With surplus cash streaming out

shot from seventh to second place in the US brewing industry with the help of Philip Morris's legendary marketing prowess of the company at a rate of more than \$2bn annually, the tempta-tion of taking a second bite out of legendary marketing prowess and even more impressive supply of advertising and promotion dol-lars, has shown virtually no growth for more than five years and has almost given up on its the food industry cherry was obviously hard to resist. earlier ambitions of displacing

With the addition of Kraft's revenues, which were \$9.7bn in 1987, but are running so far this year at a rate of \$11bn annually, to General Foods' sales of \$10bn, bettie Morris trouble finally over. Philip Morris would finally overtake Unilever in total turnover and almost equal Nestlé.

Schroders offers to buy FI 300m stake in Fokker

SCHRODERS, the UK merchant bank, has offered to take a Fl 300m (\$147m) debt or equity stake in Fokker of the Nether lands if the Dutch Government, will limit its ownership of the aircraft maker.

Fokker met Economics Minis-try officials last night in a bid to dissuade them from raising the Government's stake of 16 per cent to 49 per cent through another rights issue.

The Hague has the right to buy up to 49 per cent under a F1 212m rescue package arranged last year but got only 16 per cent in an earlier issue because outside investors snapped up shares in the recovering aerospace com-

The meeting last night and further negotiations today will determine much of the future of the short to medium-haul aircraft manufacturer and affect the reorgamisation of the European aero-

Fokker is now rebounding from serious production delays in its 50-seat Fokker 50 propfan and 100-seat Fokker twinjet, which caused losses of F1 107m in 1987. Schroders is understood to have offered to buy F1 300m in new shares, giving it about 65 per cent of the enlarged share capital, or the same amount in subor-dinated convertible debt. The participation would be in anticipation of an eventual merger,

possibly with Messerschmidt-Boelkow-Blochm of West Ger-many or Short Bouthers of North-ern Ireland.

MBB already makes fuselages for the Fokker 100 and signed a collaborative pact with Fokker last year in which the two would seek ways of further coversat. seek ways of further co-operat-Fokker 100 and is scheduled for privatisation by the UK govern-

During the financial rescue Fokker was ordered by The Hague to find a commercial partner and has conceded that huge development costs make survival alone nearly impossible. Nevertheless Fokker, which

had no Government ownership until this year, wants to deter mine its own future with mini-mum government meddling. The Christian Democrat-Liberal government's plan to raise its stake contradicts its privatisation poli-cies and reflects Economic Ministry worries about altering its ballout plan.

Ever since the initial rights issue last spring Fokker has said it opposed further involvement by the centre-right government, which has provided more than FI 900m in development credits. The company is feeling much healthler now that it moved back into the black with a Fl 4.3m profit in the first half and fare casts of a profit for 1988.

Bond acquires over 4% of Lonrho

By Nikki Talt and

Ray Bashford in London LORRHO, the international trading group headed by Mr Tiny Rowland, said yesterday that it understood that 4.13 per cent of its shares had been acquired by companies associated with the Bond Corporation, the Austra-tian group headed by Mr Alan

Lonrho added that it believed a much smaller stake - some 4m shares or just under 1 per cent -had also been accumulated by Mr Holmes a Court, another Australian entrepreneur.

In a seperate amountement, Mr Asher Edelman, the US corpo-rate raider, said that he had sold his entire interest in Lourko. This was last estimated to account for about 4.75 per cent of the equity. Mr Edleman said the shares had been sold in the market-place, and not to either a single private buyer or to the company itself. His office declined to say when the transac-

The net result of the various developments was another day of heavy trading in Lourho shares in London: According to Seaq. the screen-trading system nd 67m shares were traded. Allowing for two-way business, this suggests that as much as 7 per cent of the company's equity may have changed hands. The shares rose 11p to 374p.

Both the arrival of Mr Bond

and the departure of Mr Edelman seemed to surprise the Lonrho camp. Confirmation of the Bond interest follows buying by Mer-rill Lynch, the US investment house, last week. Lonrho says that it has learnt from Merrill that, by the close of business last Friday, the bank was holding 18.75m shares on behalf of Hurtsmere Finance, of the Cook Islands, and that two companies within the Bond Group are assoclated with this holding. Lourho added that it was make

ing further enquiries under sec-tion 212 of the Companies Act which allows companies to ascer-tain the beneficial owners of their shares — to establish the full extent of the Bond interest. The company said there had been no contact with Mr Bond since this discovery, but added that he and Mr Rowland know each other fairly well - to the extent of having dinner together two weeks ago. There was no indication then, says Lourho, that this purchase was planned,
A spokesman for Bond in London declined to elaborate on the
Lourho statement. It is understood that the stake has been scool that the stand has acquired during the past month.

Apart from the Lourho stake,
Bond has significant minority holdings in Allied-Lyons (11 per cent), M&G (13.7 per cent), Standard Chartered (14.9 per cent) and TV-AM (14.9 per cent). He inherited the Standard Chartered stake through the takeover ear-lier this year of the Bell Group, headed by Mr Holmes à Court who suffered heavily during last

year's stock market crash.

Maxwell wins injunction on KKR bid for Macmillan

Budweiser as the leading American beer. And Seven-Up, the soft-drinks business Philip Morris bought in 1978, was sold in 1986

By Roderick Oram in New York

MR Robert Maxwell, the British publisher, won a preliminary injunction yesterday preventing Kohlberg, Kravis, Roberts, the management buy out specialist, from completing its tender offer for Macmillan, the US publisher. The Delaware court ruling kept alive Mr. Maxwell's fight for Mac-millan after he received a serious legal setback on Monday. The injunction will give him time to appeal to the Delaware Supreme Jourt agains the rem lower court to bar several aspects of KKR's offer which would block

Mr Maxwell's offer. Mr Maxwell had asked the court to disallow a "lock-up" pro-vision under which KKR would pay \$860m for four divisions of Macmillan if its offer for the whole company lost to another bidder.

Judge John Jacobs said the auction for Macmillan was seri-ously flawed because KKR had raised its bid after hearing from Macmillan's financial advisers and management of a higher offer from Mr Maxwell. None the less, the judge let the lock-up pro-vision stand because he was sat-isfied that Mr Maxwell had been given the opportunity to make Mr Maxwell subsequently

sed his offer to 590.25 a share cash, against KKR's \$90.05 in cash and paper, but the lock-up provision effectively thwarted him. If KKR bought the divisions, Mr Maxwell would face some \$250m in taxes on the proceeds from the divisions' sale if he tried to buy the rest of the company. Mr Robert Pirie of Rothschild, Mr Maxwell's New York financial

adviser, said he found Judge Jacobs' decision "very puzzling" because it would allow, if upheld by the Delaware Supreme Court, Macmillan to be sold to the lower

bidder.

By letting the lock-up provision stand, Judge Jacobs had cleared the way for KKR to complete its tender offer for all of Macmillan. Both the publisher and KKR were elated at the ruling. The latest injunction prevents completion of the offer though, until the Supreme Court acts. If it decides to hear the appeal, a ruling might take several weeks.

On another issue, Judge Jacobs overturned Macmillan's poison pill shareholders' rights plan, saying there was no valid reason to keep it in place as a block to Mr Maxwell's offer.

Pillsbury rejects **GrandMet offer**

PILLSBURY, the Minneapolis food and restaurant group, yes-terday rejected a \$5.23bn offer for its business from Grand Metropolitan of the UK, and said its present strategy would provide shareholders with better

long-term returns.

The company, which is struggling to stabilise its management and tackle problems in both its main businesses, said that the \$50-a share offer from the British brewing, spirits and food group

was too low. Mr Philip Smith, who took over as chaiman of Pillsbury in July, after six months of management turmoil at the company, said in a letter to shareholders: "Now is not an appropriate time to sell the group. Remaining indepen-dent would be a superior alterna-

tive over the long term to accept-ing the GrandMet offer." Pillsbury said it would ask its legal and financial advisers to seek other ways of protecting the interests of the company and its shareholders. Mr Smith said the company was talking to third parties and might consider a

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management buy-out. But yesterday's statement had a lukewarm reception on Wall Street, where institutional inves-tors are impatient with Pillsbu-ry's handling of its Burger King restaurant subsidiary — which is losing market share — and some of its food brands.

In its statement yesterday, the company said it had appointed Mr Jerry Levin, a former Pillsbury head of corporate development, as the new chairman of Burger King.

At Prudential-Bachs, the Wall Street brokerage firm, Mr John McMillin, a scathing critic of Pillsbury, said: Twe got to believe that the company is doing something for shareholders, but you wouldn't believe it from this

Lisa Wood adds: Mr Allen Shepperd GrandMet's chairman, said he was surprised by the Pillsbury board's conclusion that the \$60 per share offer was inade-quate. He described it as a "full and fair offer.

Mr Sheppard said: "Our price represents more than 50 per cent over the Pillsbury market price prior to the amouncement of our

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INTERNATIONAL COMPANIES AND FINANCE

US drug groups register strong improvements

companies yesterday reported solid improvements in earnings for the September quarter, thanks to the strength of a number of high-priced new drugs and favourable exchange

Leading the pack as it has done for three years, Merck reported a SI per cent jump in third-quarter net income to \$311.8m or 79 cents a share. The Rahway, New Jersey company, which is enjoying great success with a new class of cardiovascular medicines, saw sales increase 12 per cent to sales increase 12 per cent to \$1.47bn on strong unit growth

in the US and overseas.

At the nine-month stage, Merck's earnings were 33 per cent ahead at \$899.5m or \$2.28 a

cent gain in revenues to \$4.41bn. Merck said that favourable exchange rates flat-tered sales growth by 2 per-centage points and earnings by 4 percentage points.

4 percentage points.

Kii Lilly, which this year launched a new antidepressant and an ulcer drug, said its earnings rose 19 per cent in the third quarter to \$171.4m or \$1.20 a share from continuing operations. Sales rose 7 per cent to \$904.6m. At the nine-month stage, the Indianopolis company reported earnings 18 per cent ahead at \$585.3m or \$4.08 a share on an 11 per cent sales improvement

PHARMACEUTICAL share on the back of a 20 per have large consumer products businesses, reported slower earnings growth. Warner-Lam-bert was 16 per cent ahead in both earnings and sales in the third quarter, to \$87.7m or \$1.29 a share and \$1.03bn. Sales of pharmacauticals water 15 per of pharmaceuticals were 16 per cent abead, with a 13 per cent increase in non-prescription drugs. After nine months, Warner-Lambert earnings were 14 per cent higher at \$263m or \$3.86 a share on sales of \$2.9bm. American Home earnings rose 11 per cent in the September quarter to \$240.7m or \$1.65 a share, with sales up 9 per cent at \$1.42bn. Nine-months

11 per cent sales improvement to \$3.08bn. Warner-Lambert and American Home Products, which

Sharp fall at Morgan Stanley By Janet Bush in New York

MORGAN STANLEY Group, the blue-chip US investment bank, yesterday reported sharply lower earnings in its third quarter and simultaneously announced a plan to buy back \$100m worth of its common shares.
It said that its latest quarterly performance had been

satisfactory against a back-ground of financial markets which lacked real volume or direction during the period. The company announced net income of \$52.4m or \$1.96 a share for the three months

ended September 30, compared with \$72.9m or \$2.82 a share in the same period last year.
It had earned \$135.3m or

\$5.28 a share in the second quarter of 1988, but much of this was derived from a single leveraged buy-out transaction involving Cain Chemical. There were already signs of a sharp drop in commission-earning business and a decline in revenues from investment banking in the second quarter. banking in the second quarter. The sharply lower third-quarter results reflected reduced principal transactions and commission revenues and

a smaller underwriting calen-Mr S Parker Gilbert, chairman, and Mr Richard Fisher, president, said in a joint statement: "Investment banking revenues from mergers, acquisitions and corporate restructstantes and corporate restructurings were strong and Morgan Stanley continued to maintain profitable momentum in its global foreign exchange and commodities businesses, and in

Net revenues in the third quarter totalled \$423.8m, compared with \$502.9m a year earlier.

Consolidated net income for the nine months ended September 30 totalled \$286.3m or \$11.11 per common share with net revenues amounting to \$1.61bn. Comparable results for the first nine months of 1987 were net income of \$199.6m, earnings per share of \$7.83 and net revenues of \$1.43bn.

Books division boosts Time Inc profit

By Robert Vincent in New York

TIME INCORPORATED, the US media group, pushed up net income in the third quarter after strong performances by the books group, a first-time dividend from its investment in Turner Broadcasting System and a lower tax rate.

The third quarter net rose to \$81m or \$1.42 a share from \$74m or \$1.24 in the same period last year. Revenue went tion's reorganisation, and the

ahead to \$1.13bn from \$1.1bn. in the nine-month period the group recorded another advance, taking earnings to \$231m or \$4 a share from \$198m or \$3.3 last time on revenue up to \$3.3bm, against \$3.05bm. Time said this year's figures include a \$19.9m or 17 cents a

Group Gold Mining Companies

Randfontein Estates

Ore milled: tons (000)

Profit from cold

Profit from urantum

Net sundry revenue

Capital expenditure

Western Areas

Ore milled: tons (000)

Working cost --- per ton milled

Yield: grams per ton

Profit from gold

H. J. Joel

H. J. Joel Gold Mining Company Limited

Profit from usanken

Net profit Capital expenditure

Ore milled: tons (000)

Reef metres sampled

Centimetres-grams per ton

Randfontein: Working costs reflect a higher proportion of underground tons treated, costs of stores and increases in wages. Surface tons milled decreased from 440 000 to

226 000 tons. Uranium production was

Yield: grams per ton Capital expenditure (R000)

Average reef width Grade-grams per ton

Working cost --- per ton milled

relocation of its executive office. The year-ago figures include a \$15.3m or 14 cents pre-tax gain from the sale of Discover magazine.

Johannesburg Consolidated Investment Company, Limited

Summary of reports for the quarter ended 30 September 1988

The company said that excluding the two items in the comparative quarters and the Turner dividend, this year's third-quarter profit would have share pre-tax charge for Ameri-can Television & Communicaincreased sharply, with earnings per share up 88 per cent.

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Joel: The treatment plent is achieving very satisfactory efficiencies. Stoping operations are building up in line with expectations.

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Alcan income increases by 111%

By David Owen in Toronto

ALCAN, the large Montreal-based aluminium producer, yesterday reported a spectacular 111 per cent increase in third-quarter earn-

ings.
The company attributed its performance to continued strong market conditions and prior cost cutting measures.

The resuits closely parallel these recently announced by Alcoa, Alcan's arch rival. The Pittsburgh-based company last week reported quarterly earnings up 168 per cent at \$226.3m.

Overall, the Canadian company's third-quarter income totalled US\$258m or \$1.61 a share. This compared with \$122m or 72 cents a share in \$122m or 72 cents a share in the corresponding year-earlier period. Operating revenues, meanwhile, rose a more modest 26 per cent to \$2.16bn, from \$1.71bn in 1987.

For the nine months ended September 30, earnings reached an impressive \$676m or \$4.14 a share, against \$297m or \$1.71 a year earlier.

Revenues rose to \$6.31bn from \$4.93bn. This was despite a relatively slim 5 per cent

a relatively slim 5 per cent year-on-year increase in alu-minium skipments to 1.72m

tonnes from 1.63m in 1987. Mr David Culver, chairma and chief executive, noted that with the third-quarter results, Alcan's net income for the year already stands at record high levels.

"However, this level of prof-itability is what we require at this time to meet our corpo-rate objectives," he added. Earnings from operations throughout America and in the Pacific outstripped levels attained in the preceding quarattained in the preceding quarter. European operations, by contrast, posted a quarterly earnings decline, due to seasonal summer weakness.

In a move designed principally to repay indebtedness incurred in the recent C\$560m (US\$466.7m) takeover of rivel

(US\$466.7m) takeover of rival Algoma, Dofasco — the Cana-dian steelmaker — is to sell 4.5m shares to underwriters The stock will be resold to investors at C\$273, a share. Net proceeds to the company will be approximately C\$120m.

Citicorp makes steady progress

tember 30 from \$14bn a year ago, at a cost to the reserve of \$430m.

By Robert Vincent in New York

CITICORP, America's biggest commercial banking group, reported a further strong advance in the third quarter, reflecting continued progress across all the company's busi-nesses and improved cost con-

The hank lifted net income to \$394m or \$1.13 a share, compared with the adjusted results for the same period of last year when earnings came out at \$226m or 71 cents. Revenue stood at \$3.1hm, against \$2.9bm.
The year-ago figures exclude the impact of the \$3bn addition to the reserve for possible losses on Third World lending, tax benefits and other related

transactions. At the nine-month stage the group took earnings to \$1.1bn or \$3.17 per share, against an adjusted \$778m or \$2.51, on revenues ahead 8 per cent at \$9.3bn.

The bank said that it has been continuing to reduce its portfolio of loans to Third World countries. The portfolio was reduced to \$12.1bn at Sep-

sanking earnings jumped to \$213m in the quarter from \$70m last time, excluding the effects of the \$3bn provision. Third quarter operating expenses were \$2.2hn, up 5 per cent on the same period last year. At the end of the current quarter, Citicorp's total capital stood at \$24,2bn or 11.3 per cent of total assets of \$209.2bn.

• Wells Fargo, the California-based bank which acquired Barclays Bank of California earlier this year, reported a downturn in net earnings for the third quarter. The bank saw earnings fall to \$131.7m or \$2.36 a share from \$155m or \$2.77 for the same period last year. As at end-September the bank said that it had received bank said that it had received \$344m in: interest payments from Brazil which had not yet been recognised. These and further payments are expected to be recognised once the Brazilian financing programme is finalised in the fourth quarter. Individual banking and institutional and investment banking both registered increases compared with the year ago quarter. Individual bank net income went up by \$24m to \$172m with card business showing strong growth. But the bank said that if a

tax benefit concerning the loss allowance on loans to developing countries is excluded from the 1967 figures, then the latest quarter earnings show a 30 per cent increase on the previous At the nine-month stage the

bank recorded earnings of \$376.6m or \$6.75 a share, against a \$60.4m loss for the year-ago period. It said that the acquisition of Barclay's Calif-ornia unit in May did not have showing strong growth.
Institutional and investment any material effect on the quarter or nine-month results. Analysts consider that Wells Fargo has been "fairly aggressive" in charging off and sell-ing off loans to developing

In the latest quarter its pro-vision for loan losses stood at \$75m, unchanged from a year ago, and domestic and foreign charge-offs amounted to \$57.7m

for the quarter. The bank has reduced its portfolio of foreign loans dur-ing the quarter through the sale of developing country loans. These sales resulted in a

charge of \$369.3m against the allowance for loan losses. Loan sales were substan-tially responsible for a net reduction of \$752m in medium and long-term loans to developing countries, resulting in \$518m of such loans at Septem-ber 30. Loans to developing countries amounted to 1.7 per

At September 30 the company's total loans were \$36.9bn, compared with \$36.3bn at the same time last year. The allow-ance for loan losses amounted to 2.31 per cent of total loans, against 3.18 per cent at June 30 and 3.58 per cent on September

Buoyant returns from Abitibi

By David Owen in Toronto

ABITIBI-PRICE, the world's largest newsprint producer, has reported a 35 per cent increase in third-quarter profit due to higher prices and buoy-ant demand. The improvement was achieved despite unfavour-

was actived despite unavour-able currency fluctuations. In all, third-quarter income totalled C\$44.5m (US\$37.1m) or 61 cents a share, against C\$33m (45 cents a share) a year earlier. Revenues edged up by 8.5-per cent to C\$813.4m, from C\$749.8m in 1987.

For the nine months ended September 30, earnings were C\$143m or C\$1.98 a share on sales of C\$2.45bn. This comon sales of C\$2.2bn in the corresponding 1987 period.
The Toronto-based company,

The Toronto-based company, which is part of the Reichmann brothers' property and resources empire, has been hit by the recent appreciation of the Canadian dollar against its US counterpart. It is heavily dependent on the US market for sales, in a bid to reduce its vulnerability to exchange rate fluctuations, the company has embarked on projects that offer embarked on projects that offer low costs of production in other countries, entering joint ventures to build mills in both

mills would "continue to oper-ate at capacity for the balance of the year." "We anticipate that 1988 will be a record earnings year", he

angen.

Meanwhile, Mr Marshall

"Mickey" Cohen has resigned
as president and chief operating officer of the Reichmanns' Olympia + York Developments to become president and chief executive of Molson, the C32bn Canadian brewer.
The highly-regarded former deputy minister was widely

seen as the public face of the Reichmann fief. He replaces Mr John Rogers, the new Molson deputy chairman.

Abroad, while consolidated

subsdiaries reported a 21 per cent sales increase in the third quarter, operating income was

about the same as in 1987, due

Big jump in MCI revenues

By Roderick Oram

in New York MCI COMMUNICATIONS, the

second largest long-distance telecommunica-tions carrier after AT&T, has reported another big jump in revenues and profits thanks in part to new services and

higher operating margins.
"Our success in increasing both volume and market share both volume and market share while controlling costs has allowed us to take full advantage of the high operating leverage that is fundamental to this industry," said Mr Bert Roberts, president.

MCI benefited in particular from its new toil-free and operated assisted services and expansion into further foreign

expansion into further foreign markets. It also landed a mumber of large contracts with major businesses such as Ford Motor Credit and J.C. Penney, a leading retailer. "Sales in virtually every

market segment exceeded expectations and traffic vol-nmes were strong even during the summer," Mr Roberts

Net profits for the third quarter ended September 30 soared to \$104m, or 88 cents per common share, from \$17m, or 6 cents a year earlier. The latest results included an \$11m pre-tax gain from an anti-trust set-tlement and an \$9m pre-tax charge for contract settle-

. Third-quarter operating profits rose to \$171m from \$64m a year earlier, representing a margin of 126 per cent against 64 per cent. Revenues grew by one-third to \$1.36bn from

For the nine months, net profits were \$224m, or 78 cents, against \$41m, or 14 cents. Reve nues rose 20 per cent to \$3.7bn from \$2.9bn.

MCI is resping the reward for heavy capital spending in recent years, analysts say. Its capital expense per incremental call has fallen from around \$2.50 to about 75 cents and the number of calls per employee has doubled to over 250, thanks in part to stringent cost cut-

. N. 41

ting measures.

The competition is unrelenting, however, AT&T, which remains the dominant carrier even after nearly five years of deregulation, filed on Monday to cut its long distance charges by about 3.8 per cent. The move will take the total reduction in its charges to 88 per cent since 1984, a strategy that has been willingly matched by MCI and Sprint, the other major long distance carrier.

Coca-Cola unit moves ahead

Coca-Cola Enterprises, Coca-Cola's soft drinks bottling subsidiary, reported third-quar-ter net income of \$39.9m or 26 cents a share, against \$31.9m or 23 cents a share in the comparable quarter last year, writes Our Financial Staff.

Venezuela and Alabama. Mr Bernd Koken, chairman, pared with C\$91.1m or C\$1.23 projected that Abitibi's paper

Record trading at Scott Paper

By Our Financial Staff

SCOTT PAPER, the Philadelphia-based paper products group, yesterday reported nearly trebled third-quarter net income of \$170.7m or \$2.22 a share, up from \$58.5m or 76

cents a year ago.
Although the latest net results are distorted by special factors — a gain of \$1.53 a share from the sale of Scott's half-share in Brunswick Pulp & Paper and special charges of 31 cents, the underlying results reached record levels.

Mr. Philip Lippincott, chairman and chief executive, said -that "both our worldwide per-sonal care and cleaning and our printing and publishing

papers businesses continue to perform at superior levels." Sales in the 1988 third quarter rose from \$1.03bn to \$1,15bn. Combined sales for the worldwide personal care and cleaning businesses rose 12 per cent over the 1987 quarter, while operating profits, excluding non-recurring items, increased 13 per cent.

Within this division, US sales volumes rose 7 per cent and operating profits 20 per cent, excluding non-recurring items. The results primarily reflect strong growth across most business lines, and higher prices in commercial and some consumer products.

principally to costs associated with Scott's European growth strategy and rising pulp prices. Sales for Scott's printing and publishing papers business rose 10 per cent and operating profit 35 per cent, excluding non-recurring items. For the first nine months of

1988, net income rose 92 per cent from \$166.3m or \$2.17 a share to \$320m or \$4.18. Operating income rose 78 per cent from \$337.6m to \$599.7m. Sales rose 14 per cent to \$3.44bm.

Repap Enterprises to expand

By Robert Gibbens in Montreal

pnt a new coated paper machine at Prince Rnpert, northern British Columbia, at a cost of several hundred million dollars, within the next five years, says Mr George

Petty, company chairma The new machine is the logi-cal sequel to Repap's 1986 acquisition of Skeena Pulp, near Prince Rupert, for about C\$100m. Prince Rupert is the western terminal of the Canadian National railway line and

ENTERPRISES a major bulk materials export Corporation is committed to port.

ont a new coated paper Repap is investing more

than C\$100m (US\$83.3m) to modernise Skeepa's sawmills and instal a new recovery boiler. By early 1969, Skeena will have 450,000 tonnes yearly

capacity.
The new coated paper machine with capacity of more than 200,000 tonnes yearly will use substantial amounts of

By the end of 1989, with new machines in New Brunswick and Wisconsin on stream. Repap will have a total coated paper capacity of 850,000 tonnes and will be among the three leading North American

Noranda Forest and partner North Broken Hill Holdings of Australia have reached agreement on fibre supply guaran-tees to go ahead with their 440,000 tonnes yearly bleached eucalyptus kraft pulp milt in Tasmania

Gain from disposals lifts TRW

By Our Financial Staff

engineering group, reported net income of \$68m or \$1.11 a share in the third quarter, compared with \$68m or \$1.01 in the same period of last year. Sales fell by 3 per cent, to \$1.65bn from \$1.7bn last year, although if businesses which have been divested are excluded from both quarters, sales rose by 3 per cent.

TRW, the big US defence and engineering group, reported year, while sales in the automotive components sector rose by 11 per cent, to \$679m, from \$613m. Sales in the information sector rose by 6 per cent, to \$135m, from \$128m in the comparable period of last year. TRW realised a net gain of \$63m from the sale of its TRW Reda Pump and TRW Oilwell Cable businesses in the third

Third-quarter sales in the space and defence sectors were down by 5 per cent, to \$786m

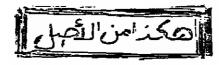
chairman, said: "Our space and defence business was down somewhat, as expected . . . Without the recall costs, our antomotive business would have posted another good quar-ter in what has been a very good year." He added: "Our information systems aegment continues to experience slow-ness in parts of the business and high expense levels for product startups and future productivity improvements."

heavy trucks. Mr Ruben Mettler, TRW's

NORTH AMERICAN QUARTERLY RESULTS

BOISE CASCADE Forestry products			COMMONWEALTH EN	gaded		E-STETENS Defence electronics			GWENS-CONKING FIRENCE AS Building materials				
Third quarter Revenues Net Income Nine months Revenues Net Income Net per share	1968 1.04bm 71.9m 1.58 3.06bm 212.7m 4.64	1987 5 997.9m 50.4m 1.02 2.86bm 125.8m 2.50	Third quarter Resources Net tocome Net per share. Nine wooths Revenues Net income Het per share.	1988 3 1.87hs 424.2m 1.89 4.26bs 662.7m 2.77	1987 1.86bs 484.2m 2.20 4.44bs 906.9m 4.01	Third quarter Revenues Het moone Het oer share Whee mouths Revenues Het iscome Het per share	1988 380.1æ 19.6a 0.63 1.05be 54.2m 1.75	1987 \$ 302.9m 15.8m 0.51 911.7m 42.7m 1.38	Third quarter Revenues Not income Not pershere. Nise months Revenues Net income Net pershere. Net pershere.	1968 \$ 760m 51m 1.21 2.13hm 131m 3.14	1987 \$ 753m 35m 0.84 2.18tm 162m 3.91		
BURLINGTON HORTEN Transport	EXM		COUNTRY CLASS WOR Building materials	RICS		MILTON HOTELS Hoteler			RUBBERHAID Household durables				
Third quarter Reseases Net focome Net per share. Nine months Revenues Net locome Set per share.	1968 \$ 1666m 120.4m 1.60 5.21bs 176.9m 2.34	1967 \$ 1.665m 141.3m 1.87 4.915m 4.02	Third quarter Resources Net Income Net per share. Nice unouths Revenues Net income Net per share.	1988 \$ 655.9m 123.9m 2.74 1.63m 243m 5.39	1987 \$20.3m 50.3m 1.08 1.57m 1.48.5m 3.20	Teled quarter Revenues Met Income Met per share. Must months Revenues Met Locome Met per share.	1988 \$ 236.1m 27.2m 0.57 699.2m 95.7m 1.99	1987 \$ 198.2st 22.3st 0.44 623.4st 81.5st 1.62	Toled quarter Perences Met. Income Met. per starre. Nine trootte Revences Net trootte Net per starre.	1968 \$ 320,441 28,1m 0,38 905,6m 78,2m 1,06	1987 \$ 276.4as 24.3as 0.33 759.2ss 66as 0.90		
CHAMPION INTERNAT Forestry products			DOVER Manufacturing			INTERCO Clothing		٠.	TELESYNE Machinery				
Third quarter Reverues Net income	1988 1.29ba 122.4m 1.29 3.81ba 336.6m 3.54	1987 \$ 1,20bm 88.7m 0.94 3,46bm 299.9m 3.17	Third quarter Revenues	1988 \$ 493.1m 33.1m 0.51 1.45ha 108.5m 1.65	1987 \$ 393.5mt 27.5m 0.40 1.15m 80.3m 1.18	Second quarter Revenues Op net income Op net pistr Six months Revenues Op net income	1968 \$ 630m 22.9m 1.42 1.27bn 53.8m 1.42	1967 \$ 610m 29.4m 1.32 1.23bn 56.4m	Third quarter Revenues Net utcome Net per store Nate meetis Revenues Net prostate Net prostate	1968 838.7m 77.4m 6.74 2.56bn 253.6m 25.36	1967 8 606m 89.5m 7.66 2.41bp 218.4m 18.67		

Esburg Gold Mining Company Limited: Shareholders are advised to study the operating results of Western Areas Gold Mining Company Limited. ontinued during the quarter satisfactory arrangements have been made for Nufcor sources to meet the supply Cuarterly reports have been mailed to the shareholders of each company. Copies of the reports may be obtained from: Barnato Bros Limited, 99 Bishopsgate, London EC 2M 3XE. Western Areas: Cost per ton milled increased in relation to increased cost of stores and wage adjustments but were



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HEADQUARTERED IN SINGAPORE AND

CENTRE.



MCI.

renues.

ANTHONY J. E. O'SULLIVAN, M.A.
— CHIEF EXECUTIVE A graduate of Trinity College, Dublin, Anthony O'Sullivan has been a stockbroker for 15 years, having previously worked in-merchant banking and mining finance. Before starting Sassoon Europe he was the partner responsible for the International department at the London Stockbroker



FIONA NORMAN Personal Assistant to Mr O'Sullivan



EMPLOYING 300 IN OFFICES THROUGHOUT THE FAR EAST INCLUDING TOKYO AND HONG KONG, THE COMPANY BELIEVES THERE IS A NICHE TO BE FILLED IN EUROPEAN "AGENCY" BROKING.

TO THAT END THE SERVICES OF AN EXPERIENCED SPECIALIST TEAM HAVE BEEN SECURED TO OFFER INSTITUTIONAL CLIENTS A THOROUGH AND CONFIDEN-TIAL SINGLE CAPACITY SERVICE IN CONTINENTAL EUROPEAN EQUITIES.

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JACKI LILLEY ---Personal Assistant to Mr Hornett



DEPUTY MANAGING DIRECTOR In his 20th year in stockbroking, Roger
Hornett has spent his entire career studying
Europe. Prior to the appointment with
Sassoon he was a director of James Capel
International and joint managing director of
their submidients in Ameteriam. For 11 their subsidiary in Amsterdam. For 11 consecutive years Roger Hornett's team were voted top European analysts in the influential Extel survey.



FRANCESCA NOBLET —
INSTITUTIONAL MARKETING &
RESEARCH — EQUITIES After graduating from Oxford in 1983, Francesca Noblet taught business students at Salerno University and is fluent in both Italian and Spanish. She then moved to Nikko Securities where she spent two years in the European department before becoming a marketing executive with James Capel in 1987.



JEROEN VAN DER PLOEG

Institutional Sales — Bonds Jeroen Van der Ploeg has been involved in the International Bond Markets since 1972

and has also traded equities and gold shares

for Dutch and American houses. Jeroen

joined Sassoon in 1987.

JENNY SARGEANT ---Client Data Co-ordinator



ANDREW PARRISH -SETTLEMENTS CO-ORDINATOR



PHILIP DORAN -INSTITUTIONAL MARKETING & RESEARCH -- EQUITIES A former economics lecturer and research assistant, Phil Doran has taught in the Netherlands and lived in W. Germany. He is fluent in both languages and is now in his fourth year of European stockbroking.



LONDON, W.C.2.

YOU WON'T FORGET OCTOBER 19th 1987 DON'T FORGET OCTOBER 19th 1988

FOR MORE DETAILS CONTACT:-SASSOON (EUROPE) LID., THE COUNTING HOUSE, 53. TOOLEY STREET, LÓNDON SEI 2QN.

TEL: 01-378 6399 **TELEX: 261854 SAS.UK** FACSIMILE: 01-378 6393 DFC FINANCE (OVERSEAS) LIMITED NOTICE OF ADJOURNED MEETING

A\$50,000,000 13% Gustaniaed Bonds Due 1990 Unconditionally gustanteed by

DEC NEW ZEALAND LIMITED (as the successor to Development Finance Corporation of New Zesland)

Notice is hereby given that following the adjournment of the meeting of the holders of the above Bonds (the "Sondarders") which was held at 10,00 A.m. (London Worl) to Explainment 1008, an Adjourned Meeting of the Bondarders will be held at The Sarbican Centre. Sith Street London ECRY WOS to Contente Reams C and D on tall November, 1995 at 10,000 at m. (London time) for the purpose of considering and, if thought R. passing the following Resolution which will be proposed as an Extraordinary Resolution to the Trust Deed (the "Trust Deed") dailed 25rd July 1995 made between DFC Finance (Oversees) Limited (the "Securitor") as guaranter and The Law Debenture Treat Corporation plus. (the "Trustee") as trustee for the Sondholders.

EXTRACROSIABLY RESOLUTION

"That this Adjourned Meeting of the holders of the constanding ASS0.000.000 13% Gostmanded Bonds Due 1980 (the "Bonds") of DPC Finance (Overseas) United the "bosses") witused by the Trust Deed dated 23rd July, 1985 (see "Trust Deed") make between the bosses overlapped Finance Constanding as gest and the Law Debaration of New Zealand (all Constanding Trust Constanding Tr

Comprisor or any analogous Act or the new constant remains to present at the end of the first sentence thereoty.

(i) amending the first paragraph of Condition 2 by adding the following words at the end of the first sentence thereoty.

"subject that for the "the est period ending on 23rd 257, 1509 (but or respect of no interest period ending so any subsequent 23rd July) the Boods shall carry interest at the rate of 13.725 per cert. per summit "with the result first the amount of interest payable on 23rd July, 1989 to respect of each Bond shall be an amount of A\$333.23)".

[iii) adding the following paragraphs as the third and fourth paragraphs of Condition 2:

"All references in these Terms and Conditions to "Interest" and "secrued interest", shall in respect of the interest period ending on 23rd July, 1989, where the opening so permiss, be deemed to be a reference to a rate of 13.125 per cert, per centure and be respected and the relevant Coopon, an amount of A\$331.25."

"All references in these Terms and Conditions to "Coupons" (whether stacked to a Bond or not) shall in respect of the amount interest period ending on 23rd July, 1989, where the position is permiss, be deemed to be a reference in a Coupons in respect of which interest is estimated at a rate of 13.135 per cert, per amount and a second of which interest is estimated at a rate of 13.135 per cert, per amount and on second of

(3) agrections every modification, abrogation, variation, compromise or arrangement in respect of the rights of the Boodnaldess and the bolders of the Coupons relegates the issuer or the Guszantor occurring as a consequence of or resulting from the modifications reterred to be paragraphs (1) and (2) of this Resolution; as (4) authorises and requests the Treates to concur in the modifications referred to in paragraphs (2) and (3) of this Resolution and, to order to place effect to such modifications referred to the paragraphs (7) and (2) of this Resolution and, to order to paragraphs to such modifications also to such modifications also the paragraphs (7) and (2) of the Resolution and, to order to paragraphs (2) and (3) of the purposes of identification algoed by the Challeng and for the purposes of identification algoed by the Challeng

In July 1985, when the Boods were issued, Development Finance Corporation of New Zestand was a statutory corporation constituted under the Development Finance Corporation Act 1973, all the shares in which wave certain by New Majesty in right of New Zestand (the "Crown").

The Development Finance Corporation of New Zestand Act 1985 ("DFC Act") suborised the establishment of Development Finance Corporation of New Zestand Limited and previded Stat, on the appointed day, the undertaking of Development Finance Corporation of New Zestand Limited.

Ch 31st March, 1987 Development Finance Corporation of New Zestand Limited was incorporated, and on the same day that company changed its name to DFC New Zestand Limited ("DFC").

(**DEC**).

The DFC Act also provided that the travel capital of DFC subscribed on its incorporation would be held for and on behalf of the Crown by the Minister of Trade and Industry and the Minister of France to equal proporation. These where were deemed by the DFC Act to have been allotted as fully paid as.

On 20th June, 1989 the Crown acting by and through the Minister of Trade and Industry and the Minister of France enjarred into a purclasse contract for the sale of all the leased shares of DFC. The Crown will sell DFC to the hational Provident Fund (**NPF**) and New Tork-based investment bank, Salomon Brothers, NPF, a makest and New Zachand's tengant manager of accountation funds, will acquire 80 per ones. of DFC and Salomon Brothers will acquire 20 per ones, the mediately after self-enters a capital injection of NC245 testings will be self-ended. Following this, 20 per cent. of the expanded capital will be set saide for lature asie by NPF to DFC's transgement, and an additional 5 per cent, will be made available to DFC's stat. DFC will conclude to operate as as autonomous separate softly.

In order to enter that no breach of purchasers thereunder will acquire or be deemed to acquire basefulcial ownership of or any real right or interest to any effect to purchase or activate the contract provides, among other things, that notwithstation or rules of law or expanded or activate to any effect to purchase or activate to any effect to purchase contract to entered to ent

In order to ensure that no breach of paragraph (f) of Condition 3 would thereby occur the purchase contract provides, among other things, that notritizatending any seasonant or rule of law or equity in the contrary neither of the purchases attenuate will acquire or be deemed to acquire beneficial ownership of or any real right or interest to any street and outside of the purchase contract, street and purchase of all the shares of DFC should occur at 11 a.m (Wellington Isma) on 18th November, 2889 or, if that day is not a bostness day (se defined in the purchase contract, she on the successing such bostness day.

As a result of these charges it is now necessary to smeand Condition 6 by deleting paragraph (e), se the Acts of Persianness therefore referred to will no last support to relevant to the same shareholders of the Gastrantor, by deleting paragraph (r), which applies upon a charges to the beneficial ownership of any of the voting share capital of DFC affecting to the oppreciate more than 25 per cert. Of that capitals, and by amending paragraph (p) y deleting the words has Act of the New Zasland Persianness to the description of the Gastrantor or any smallogous Act of the New Zasland Persianness is passed or", which words are no longer necessary.

The amendment to Constitut of Condition 2 (and the commendment to the senses appearing as the face of Company Resolution to the malested outs had contained to the Adjourned Meeting of the Sontholders to request their agreement by Edinordisany Resolution to the malested outs and Edinordisany Resolution to the malested on the Adjourned Meeting of the Sontholders to request their agreement by Edinordisany Resolution to the

eclusion.

The insuer and the Guarantor consider that the proposed modifications contained is the Edwardianry Resolution aut out above are fair and reasonable in the circumstances, cordingly, the hauser and the Guarantor recommend all Bondholders to vote in favour of the Edwardingty Resolution,

The attention of Bondholders is drawn to the quorum registed for the Adjourned Meeting which is set out in paragraph 2 of "Voting and Cuorum" below,

in accordance with its normal practice the Trustee expresses no opinion on the married of the proposed modifications but has authorised it to be elated that it has no objection in

tracrothery Resolution being exhausted to the Bondholders for Steir consideration.

1. A Bondholder vishing to stined and vote at the Adjourned Meeting in person must produce at the Adjourned Meeting either the Bond(s), or a valid voting certificate leaved by a Paying Agent relating in the Bond(s) in respect of which be whose to vote.

A Bondholder not wishing to attend and vote at the Adjourned Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he whose is mend on his behalf or give a voting instruction (on a voting instruction), and additional accordance with his instruction.

A Bondholder whose Sonds are rest by Euro-clear or CEDE, S.A. and who whose to obtain a voting certificate or give voting instructions may instruct Euro-elear or CEDE, S.A. be hold.

Bondholder whose Sonds are rest by Euro-clear or CEDE, S.A. and who whose to obtain a voting certificate or give the Institutions may instruct.

A Bordfiction whose Sonds are rest by Euro-clear or CCDE. S.A. and who wishes to obtain a wolling certificate or give to whose instructions may instruct Euro-clear or CCDE. S.A. and who wishes to obtain a wolling certificate or give the Phyliop Apert and to widther obtain and forward a wolling certificate to social Bondholder or give the Phyliop Apert or (to the satisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the operator of the Euro-clear System or any be described with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the operator of the Euro-clear System or any be described by it not take that it is not such that the new paying its paying and the configuration of the Afgourned Meeting of St. Paying Agent in the control Meeting is somewhat it is not take the Adjourned Meeting and all voting matricials secured in respect of the original meeting of Europholders and all voting instructions the relevant Paying Agent, the Sature (at its registered office) or the Chairmen of the Adjourned Meeting receive at any time pour to 24 hours before the commencement of the Adjourned Meeting receive at any time pour to 24 hours before the commencement of the Adjourned Meeting receive at any time pour to 24 hours before the commencement of the Adjourned Meeting receive at any time processor thereof.

7. The communication of the Adjourned Meeting is not store persons present a person holding Sonds or voting certificates or being product whether the processor.

Bonos so next or recrement.

5. Every direction submitted to the Adjourned Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Adjourned Meeting or by one or more persons holding one or mone these lines one-finish to principal amount of the Senat for the persons holding one of mone these lines one-finish to principal amount of the Senat for the person who is not produced as the person who is present and produced as the voting certificate or is a proxy shall have one vote. On a past yeary person who is no present about the voting the voting or the person who is not person who is not produced or represented by the voting certificate on produced or in release of which he is a

To be passed, the Entholothery Respiritory requires a majority in invoice consisting of not large than three-quarters of the votes cost. If passed, the Entraordinary Resolution will be binding on all the Bondholders, beather or not present at much waveling and whether or not voting, and upon all the holders of the Coupon relating to the Bondia.

DOCUMENTS

The following decuments are augmented for correction or inspection at the passes of the Paying Agents from the date of this Notice wall the conclusion of the Adjourned Meeting.

Documents are likely for coffector, by Sondholders.

- voting particulate (in respect of Bondholders, or held to the order of, a Paying Agent):

(ii) voting instruction forms (in respect of Sondholders, deposited with, or held to the order of, a Paying Agent):

(iii) Explainatory Memoringform design July 1985 as to the favoignous to, and the ressum for, the proposed modifications to the times and standard and the Standard and the Explainatory Memoring to the times and standard and the Standard and the Explainatory Memoring the standard and the Standard and the Standard and S

(iv) the Arrust Report and Accounts of the Quaranter for the year ended Stat March, 1988.
Documents available for inspection only by Bookholders;
(i) the Trust Deed constituting the Books
(ii) the Memorandum and Articles of Association of the Quaranter; and

PRINCIPAL PAYING AGENT

F YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE AS A CONSEQUENCE OF THIS NOTICE YOU SHOULD CONSULT YOUR USHAL FRANCIAL ADM

All of these bonds having been placed, this announcement appears for purposes of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

DM 500,000,000 6% Bearer Bonds of 1988, due 1998

6% p.a., payable annually on October 19 October 19, 1998 at par

Frankfurt am Main

Deutsche Bank

Commerzbank

CSFB-Effectenbank

Dresdner Bank

J.P. Morgan GmbH

Morgan Stanley GmbH

Salomon Brothers AG

Schweizerische Bankgesellschaft (Deutschland) AG

Schweizerischer Bankverein (Deutschland) AG

Westdeutsche Landesbank Girozentrale

takes 1.5% holding in

INTERNATIONAL COMPANIES AND FINANCE

in Austrian paper concern

manufacturer of printing paper and hygiene products. SCA said the deal would give

PARIBAS, the French privatised financial group, announced yesterday it had acquired a 1.5 per cent stake in Ferround Financiania, the main holding company of Mr Raul Gardini, the Italian entrepreneur, for about The acquisition follows last

week's purchase by Paribas of a stake of just under 5 per cent in Beghin-Say, France's largest sugar producer, which is conzine paper. Mr Sverker Martin-Lift, chief operating officer at SCA, said trolled by the Italian Ferranci group. Paribas paid about that by extending its range of FFr290m for the stake. Paribas said yesterday that

the two investments in the Ferruzzi companies were long-term investments and part of the French group's efforts to forge a wide network of alliances with key European financial and industrial partwould complement SCA's existing lightweight coated paper

Perruzzi is now expected to acquire a stake in Parities to consolidate the link through a cross-shareholding commit-

Paribas

Ferruzzi

FFr220m (\$35.5m).

By Paul Betts in Paris

The latest move has given Parihas a direct interest to Italy's second-largest private business after Flat, with annual rales of about FFr116bn and major operations in agri-industries

Parihas has been seeking to boost its presence in key industrial sectors as well as reactivate its strategy of building a network of international alliances. The strategy had been interrupted by the group's nationalisation in

However, since its privatisa tion at the beginning of last year, Parihas has immediate active policy of negotiating new alliances with leading international partners. This has included strengthening links with the Pargesa-Brux-elles-Lambert group led by Mr Gerard Eskenazi and Mr Albert Frère.

 Sanofi, the French chemicals and pharmacentical group, has bought Alexander Gobert, a French family owned perfume essence maker, Renter reports,

Mr Jean-Francois Dehecq, Samosi chairman, said Gebert, which has annual sales of FFr150m, would double Samefi's turnover in the fragrance sector. He added that Sanoti paid between 10 and 12 time carnings but declined to reveal the price.

Valmet sees modest gain in earnings

By Olli Virtanen in Helsinki VALMET, the Finnish metal and engineering group, expects profit before appropriations and taxes to reach FM500m (\$117m) in 1988, up from FM423m last year, with net sales forecast to increase from FM7.27hm to FM8.5hm.

The group's interim figures for the first eight mouths, released yesterday, show a profit of FM20m before appropriations and taxes, up from a loss of FM103 during the same period in 1987. The group's turnover increased by 37 per cent to FM4.9bn.

Mr Mauri Jaakonaho, executive vice-president for finance, says the modest figures for the eight-mouth period reflect the fact that much of the group's invoking and the bulk of prof-its are traditionally recorded during the last four months of

the year.

The expected profit for the year includes FM120m in property sales but does not include possible compensation for losses incurred by Wartsila Marine, the Fimish shipbuilding company in which Valmet has a 30 per cent stake.

Wartsila Marine has announced it may seek compensation for misleading information about the profitability

mation about the profitability of orders it received from Valmet when that company merged its shipbuilding operations with those of Wartsila at the beginning of last year, forming Wartsila Marine.

In the eight-month period, Valuet's paper machinery division, which accounts for almost half the group's net sales and which is the group's best performing unit, grew by 85 per cent.

Set per cent.

Domestic tractor production increased net sales by 49 per cent and the operation was "profitable." Likewise, Valmet do Brasil, the tractor-making subsidiary in Brazil, "turned profitable" compared with the year-earlier period. Mr Matti Kankaanpaa

dent of the group, says Val-met, which recently became the first Finnish state-owned company to enter the capital market by raising FM780m from domestic investors, is making "solid progress in growth and profitability."

The company's share will probably he listed before the

SCA buys majority stake

trade in forest and paper prod-

and Swiss markets and is prof-

itable, is expected to show sales of SKr2.3bn in 1988.

Nearly 50 per cent of its sales

come from magazine paper. It has recently invested about

SKribn in new paper mills, and the benefits of these measures

are expected to show up in the

SCA. OMB of the leading Swedish forestry groups, has acquired for shout SKribn (\$160.7%) a majority sharehold-ing in Laskirchen, an Austrian

it a stronger footbold in the West German, Austrian and Swiss markets for high-quality paper and hygiene products and would greatly increase its production capacity for maga-

printing papers to cover all grades, SCA would be in a stronger position to win bulk orders from publishers.

"We need to be of a certain size and with a full range of printing papers to do this," he said, adding that Laskirchen world, correlement SCA's crist.

1989 profits.
SCA is converting some of its newsprint capacity in Sweden to LWC paper production. The group will have a pro-

duction capacity of Line tone of pricing paper after the deal with Lankirchet and an earlier agreement with Cellulose du (LWC) production. SCA has agreed to buy a 74.9 per cent stake in a holding company which in turn owns 76.4 per cent of Laskirchen, it also has a separate agreement with Wilfried Heinzel, a trading company closely allied with Laskirchen, covering Pin of France to set up a jointly eward newspetat util.

SCA is the European leader in the hygiene products sector.

The deal will also make it the second largest producer of the see paper in Sarope. Laskirchen has 50 per cent ucts in West Germany, Switzer-land, Hely, the US and Egypt. Leakirchen; which has a strong position in the Anstrian

of the Austrian theme market and strong sides in Switzerland and West Germany. About 40 per cent of its sales come from per cent of its sales come non-tissue-based hygiene products.

SCA has made a series of strategic acquisitions in Europe in recent months, and says it will probably go some way towards covering the cost through a share issue, raising up to SEVEROR.

up to SHr500m. The group called off a planned laste in the US last year after the October stock market crash

Trelleborg acquires Saab unit

TRELLEBORG, the rapidly expanding Swedish industrial group with interests in rubber, pleatics, mining and chemicals, is buying a heating systems subsidiary from Saeb-Scania, the Swedish automotive group, for about SKr265m (\$45.8m). The deal is intended to strengthen Trelleborg's exist-

ing operations in the ventilation, heating, water and smita-tion fields while leaving Seeb-Scamie to concentrate on its more traditional - and more profitable - motor

Saab-Scania's once-troobled

heat pumps, oil and gas burners, and equipment for moni-turing the flow of gas and liq-uids. Enertech only broke even in 1985 and made a loss of SKriem on sales of SKrieson

helping it return to a meagre profit last year of SKr2m on sales of SKr1.38bn. Enertsch has production plants and sales units in Scandinavia, the The acquisitive Traileborg concentrating on cars and air-has gained a strong position in creat."

Enertech subsidiary makes the Swedish wholesale market heat pumps, oil and gas burnance; and equipment for monitoring the flow of gas and liquids. Enertech only broke even in 1985 and made a loss of turnaver of Skredish after buy-

ing Enertech.
Last year, the Trelleborg group reported profits before extraordinary items of SK199m on sales of SK17.22km. Saab-Scania has since restructured the subsidiary, Mr Georg Karnsuni, chief. execultye of Seab-Scania, said the disposal would allow the automotive group to faifil "its long-turns orientation, that of

Chemical to sell Spanish assets

By Peter Bruce in Madrid

CHEMICAL BANK is in advanced negotiations to self its profitable Spanish operation as part of the US bank's strate-gic withdrawal from peripheral Eoropean markets.

Mr Christopher Ashby,

Chemical's general manager in Spain, confirmed yesterday that \$500m of assets were being sold for an undisclosed price to Bancapital, a subsidiary of Mercapital, the young Madrid financial holding company. Chemical has already sold off its UK mortgage business, trimmed its Paris operation

and recently closed its busi-Mr Ashby said Chemical wanted to concentrate on cen-tres like Frankfurt, where there was a particularly strong currency, and the City of Lon-don. A deadline of November 15 has been set for negotiations with Mercapital.

Chemical's assets in Spain include branches in Madrid and Barcelona, with most of it tied up in profitable treasury operations. Mr Ashby said 1988 would be the bank's most prof-

itable year ever in Spain, with earnings totalling Pta980m (\$8m) by the end of August. According to one recent ranking, Chemical's 2.2 per cent return on total assets for the first half of 1968 made it the fifth most profitable for eign tank in Spain. Mercapital is essentially an.

Mercapital is essentially an unificensed marchani bunk launched in 1985 by a group of former bankers — including: Mr Jose Maria Lokaga, the former chief executive of Happy Urquijo Union — to Jake advantage of the rapid modern isation and growth of Spanish By the end of 1967, its consol-idated revenues were about Ptal. Abn and it reported group net profits of Pta412m. It is currently the only share listed on

Madrid's rather obscure sec-ondary stock market and has applied for a full listing.

The founders started off with equity of about \$6.6m but have since raised Plat00m in new, the elevator greapital, which brought Société 23.2 per cent st Générale de Belgique, Belcion Alimentariques largest holding com-

pany, in as a silent partner with a 25 per cent stake. The founders still hold about 12 per cent, with the rest in private

beaute.

Because it holds no special licences. Mercapital has exected a musher of specialised mischilenia to offer financial services. In fund manager, Fencespital, had a perfolio-worth more than Platein by the and of June.

Binatapital which would take over Chemical Bank's Special specialistics, is the former Hance industrial del Tajo which Mercapital tack effective conton of section files per.

The Chemical Bank deal

The Chemical Bank deal would be an enounces boost to Mercapital's profile in Spanish

it could also mean a return to money market operationa, which idercapital largely aban-doned in favour of equities last year when it underwrote a stock issue by Zardoya-Otis, the elevator group, and took a 23.2 per cent stake in Corpara-tion Alimentaria iberica (GAI),

Operating profit down at DnC

By Our Financial Staff

DEN NORSKE Creditbank (DnC), the big Norwegian banking group, yesterday announced reduced operating profits and higher loan loss provisions for the first eight months of 1988, but still expects a marked improvement in results for the year as a whole.

Operating profit fell from NKr875m (\$130.7m) in the 1987

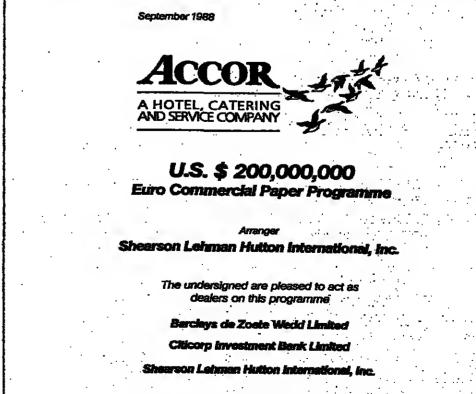
period to NKr551m. After loan losses of NKribn, against NKr796m, there was a net loss of NKr473m against profit of

MKr64m.
Mr John Giverholt, deputy
managing director and chief
financial officer, said DnC's
overall financial performance was "obviously unsatisfactory, and this makes it necessary to implement quick corrective

measures. The growth in expenses has been brought to a halt, but the totals are still too

high.

DriC said a key proportion of loan losses had occurred in the small business and consumer markets in Norway. However, the group's international divi-sion was performing well. In 1987, DnC had a net loss of NKr1.5bn.



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INTERNATIONAL COMPANIES AND FINANCE

NZ to sell 100% of state airline

By Dal Hayward in Wellington

THE NEW ZEALAND Government yesterday put Air New Zealand, the state airline, up for sale in its entirety after scrapping negotiations with Qantas of Australia, which had been its preferred purchaser of

a 25 per cent stake.

No price has been set, but by some estimates Air NZ could be worth nearly NZ\$1.7bn (US\$1.1bn).

However, any overseas sir-line will be limited to owning 35 per cent of Air NZ, with another 30 per cent offered to shorner so per cent onered to staff and the local public in a share flotation. Mr David Lange, Prime Minister, said 65 per cent of the sirline must be retained permanently in New Zealand and the Government would introduce a special "kiwi" class of share to ensure

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The change of course means British Airways must be a main contender to buy all or part of the 35 per cent stake which can go overseas. The new arrangements for the sale must be approved tomorrow by

the whole caucus of the roling Labour Party, where several MPs are known to support BA Air NZ management also pre-fers such a link because of the

fers such a link because of the UK airline's sophisticated international booking system. Bidders have four weeks to submit new offers for the airline. On September 19, Qantas was named the preferred buyer for the 25 per cent stake but Mr Lange has made it clear this preference no longer applies and all parties will start again on an equal footing. on an equal footing.

At the same time Mr Bill Jef-

fries, Transport and Aviation Minister, has been replaced as chief negotiator on the sale of the airline by Mr Richard Preb-ble, Minister of State-Owned Enterprises. Mr Jeffries fought hard to persuade cabinet to accept the Qantas offer, and his replacement reflects divi-sion within the cabinet over the way the sale should be handled. Mr Lange made it clear, however, that Mr Jaffries would remain as a minister.

pointed and bewildered. It had made it clear it was flexible in its approach and was prepared to consider hidding for any proportion of the shares which the Government made available. In parliament Mr Jim Bolger,

leader of the opposition National Party, described the sale process as a shambles. He warned that a future National government would force any overseas striine which holds more than 243 per cent of Air NZ to sell it back.

The 35 per cent limit on overseas ownership is aimed at preserving bilateral landing rights. The Government said it made extensive inquiries among sirlines and aviation legal experts throughout the world regarding an acceptable level of foreign ownership. All the opinions indicated that selling 35 per cent did not place the agreements in legal. place the agreements in jeop-

Michael Donne, Aerospace Correspondent, adds: Although there is no international law specifying what constitutes a

the production build-np at Doornkop would allow the mine to phase out the process-

ing of low-grade surface dump

material over the next 18 months. He expects gold recov-

ery grades to improve with better underground ore values. Neighbouring Western Areas lifted its milling rate and gold

recovery grade in the September quarter. The mine has

national flag sirline, it is gen-erally taken to mean that a majority of the shares should be held by citizens or organisa-tions of the country in which the sirline is registered.

But even this is only a rule of thumb, and several airlines operate under flags of conve-mence: they are registered in one country but have the bulk of their operations in another. Attitudes of other countries with which those sirlines have

bilateral air agreements or other operating partnerships are crucial. Thus, if Air NZ became majority controlled by a group outside New Zealand, the US, as the other party in trans-Pacific air agreements,

When BA was itself priva-tised, the articles of association contained powers to limit the number of shares in which non-UK nationals could have any direct or indirect interest to 85 per cent, at which level the Secretary of State for Transport could step in and order a reduction.

reported good progress in the development towards South

Qantas said it was disap-Randfontein abandons uranium mining

By Jim Jones in Johannesburg

FEAR OF future losses has persuaded Randfontein Estates, a gold mine managed by the Johannesburg Consoli-dated investment (JCI) mining group, to abandon uranium

production.

The mine had a long-term contract to supply uranium to France and its production capacity had been financed with favourable loans from the French atomic agency with repayments tied to uranium deliveries. Randfontein's contract has been taken over by an unnamed South African mine which will also assume: Randfontein's remaining R22m (\$9m) loan obligation.

Uranium profits have declined to R283,000 before tax in the latest quarter from R386,000 in the three months to June and a quarterly rate of about R3.5m until mid-1987.

	JCI (JCI GOLD QUARTERLIES										
	Occ	duced) June 86	. (Ba	ð	Earnings per share (cents) Sep 88 June 86							
andfontein . Areas	6,754 3,479	7,098 3,025	71.63 10.51	90.95 11.18	818.3 10.3	320.3 0.0						

The uranium plant is to be cannibalised for equipment which can be incorporated into the gold treatment facility serving Randfontein's new Doornkop section.

Gold production fell in the September quarter as low-grade are was intersected at the mine's Cooke No 1 shaft and as underground develop-ment traversed low-grade ore around the Doornkop shaft.

Deep, a potential deep and rich new mine beyond Western Areas' southern boundary. Western Areas has a 29 per cent interest in the South Deep project and Mr Nairn says the project's financing plans should be completed within six The house's new H. J. Joel in Johannesburg yesterday Mr Bill Nairn, a director, said

mine in the Orange Free State, which is to be officially opened on Friday, has milled small tomages of ore to test its new plant. Underground ore production has started with the commissioning of two shafts and the mine expects to reach its full monthly milling rate of 80,000 over the next two years. Recent geological investiga-tions indicate faulting is not as had as had been feared early this year.

Gold prices offset Anglovaal wage rises

HIGHER RAND gold prices: offset the effect of mid-year. wage increases at the time by South Africa's Anglovasi group during the September Loraine, suffered a profit decline as a higher milling rate

falled to compensate for a sud-den drop in drei grades. This reason for the drop is being reason for the drop is penny investigated, but analysts in pleted a preliminary feasibility oped as an extension of Johannesburg say that further study of the proposed mine. Lecaine to take advantage of

Anglovaal recently com- the new mine could be deval-

٠.	· .	ANGLOV	AAL QC	LD QU	ARTER	LIES	
		Gold pro (b) Sup 88	2)	After las (Par Sup 35		share (c.	ents)
E. Tv	Come	940 8,054 2,117	835 8,063 2,177	11,52 67,16 9,27	11.88 52.98 14.09	118.2 5(.6 (10.5)	95.4 36.4 32.3

grade and profit reductions which lies just to the norposed inthe could affect Loreine's ability to participate in the development of a mine being planned by Anglovaal, 34.3 per cent by its Middle Wits associate and 30 per cent by State.

Eastern Transvaal Consoli-

tax offsets against Loraine's

Hartebeestfontein, group's largest mine, increased gold production by processing a greater tonnage of low-grade

surface dump material. A lower rate of milling underground ore combined with higher wages to lift the cost of mining and processing each torme of ore to R146.27 (\$59.95) in the September quarter from the June quarter's R137.22.

dated, which operates three around the town of Barberton, lifted the quarter's milling rate tonnes, more than offsetting a small drop in the average gold recovery grade. It is to bring a fourth mine into production within a few months and is planning the development of a

US\$100,000,000

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FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999



For the three months 19th October 1988 to 18th January 1989 the Note will carry an Interest Rate of 8% per cent per annum with a Coupon amount of US\$226.81 per US\$10,000. Interest payment date 19th **January** 1989.

IAMES CAPEL BANKERS LIMITED INTEREST DETERMINATION AGENT

CHARLES BY STOP CONTRACTOR OF THE X



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£75,000,000 Floating Rate Notes 1994 For the three month period 17th October, 1968 to 17th January, 1989.

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 121/16 per cent. per annum and that the interest payable on the relevant interest payment date, 17th January, 1989, against Coupon No. 17 will be (1,535.96 from Notes of (50,000 nominal and (153.60 from Notes of

S.G. Warburg & Co. Ltd. (Agent Benk) TX NOT --- TOTAL TO THE HOUSE HAR STO

CSR sells remaining oil and gas interests to AGL

By Chris Sherwell in Sydney

CSR, the Australian sugar and building products group, yesterday abandoned plans to float its remaining oil and gas for all shareholders to take up interests and sold them to the Australian Gas Light Company (AGL) for A\$142m (US\$115m).

The deaf follows against the street of the follows against the street of the street of

Gas group has a significant stake but only 5 per cent vot-ing rights — the purchase gives if CSR's remaining oil

and gas interests.

Grouped as CSR Petroleum, they include gas production in Queensland, gas pipelines in Queensland and the Northern Territory, the Demison Trough gas project in Queensland, oil production in Indonesia, and exploration activities in Australia, Indonesia and China. CSR had for some time been disposed to float these interests to its own shareholders, but it dropped the idea because, as Mr Gene Herbert, deputy man-

The deal follows earlier fall in petroleum prices, "curmoves by CSR out of coal and reat market conditions are not other minerals as part of a particularly conducive to a strategic shift away from successful oil and gas float." resources. Last year it also sold
Delhi Petroleum, its principal
off asset, for A\$565m.

For AGL — in which Sir Ron
Brierley's Australian Oil and
Cas groun has a significant
Cas groun has a significant
Cas groun has a significant

said to have boosted yesterday's sale price.
So far the two sides have simply concluded a heads of agreement with an effective date of October 1. Completion

will follow execution of a detailed agreement of sale, when AGL will pay most of the purchase price. The balance is to follow on execution of the Denison Trough contract.

The sale completes CSR's exit from the energy sector and, with the exception of its it is retaining, from the resources sector as a whole.

Elders proposes buy-back

ELDERS IXI., the Australian brewing and agribusiness group, will ask shareholders to approve a complex buy-back of up to 10 per cent of its capital, pre-empting changes to Australian buy-back laws, Renter reports from Melbourne.

In the notice for its AGM on

in the notice for its AGM on November 14, Elders proposes lending an arms-length associate company up to A\$600m

(US\$485.8m) to buy a maximum 180m Elders shares.
The company, called Ordvest, would have the sole purpose of investing in Elders stock and could achieve the bushest on market or to market or to the country of the cou buy-back on market or in prorata purchases from shareholders. Securities authorities have proposed that buy-becks should be permitted only non-selectively to all shareholders.

Bond buys US hotels for \$206m

BOND CORPORATION, Mr Alan Bond's brewing and investment company, said yea-terday it had paid more than US\$206m for hotel interests in New York and San Diego, Renter reports from Perth.

The company had bought New York's St Moritz Hotel for \$180m, it said without naming the seller. It had also paid \$26m for a 75 per cent stake in Kona Kai and Kona Inn resort on San Diego's Shelter Island.

Cathay City bids for Hongkong Hotels

By John Elliott in Hong Kong

HONGKONG AND Shanghai Hotels, which operates the ter-ritory's Peninsula Hotel, yes-terday rejected a HK\$5.9hn (U\$756.4m) surprise takeover approach from Cathay City Investments, the small finance arm of a group which includes the rival Regal Hotels group. the rival Regal Hotels group.

A year ago the family of Lord Kadoorie, which controls Hougiong Rotels, beat off a boardroom challenge by Chinese Estates, a company controlled by the Lan corporate raider brothers. The Esdoories now own 34.9 per cent of the hotel and property group.

Cathay City, part of the Century City group run by Mr Lo Tuk Sul, a local businessman, said it was contemplating making a full bid for Hong-kong Hotels and "had no wish for the offer to be undertaken

for the offer to be undertaken in a hostile manner," according to a statement from the

target company. Cathay City said yesterday it owned about 1 per cent of

it owned about 1 per cent of the group.

Hongkong Hotels' directors said they would not welcome any offer and intended to continue expanding the group.

Apart from the flagship Peninsula in Kowloon, it has various international projects including hotels for London's St George's Hospital site and Maxims de Paris in New York.

Regal Hotels, which is controlled by Paliburg Investments, a subsidiary of Century City Holdings, has three hotels in Hong Kong including the Regal Meridien and the Regal Airport. Recently it bought

Airport. Recently it bought controlling interests in Aircoa Companies, a US hotel management concern; a Los Angeles property company called Richfield; and a Toronto

Cathay City said its contemplated offer for Hougkong Hotels was HESS a share, com-prising HE\$4.50 cash and the rest in shares, together with an equivalent offer for 99m

Hongkong Hotels has a mar-ket capitalisation of HK\$4.75bn, based on the HK\$4.82 price at which its shares were suspended yesterThis announcement appears as a matter of record only.



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September 1988

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INDIA

The Financial Times proposes to publish a Survey on the above on

20th December 1988

For a full editorial synopsis and advertisement details, please contact:

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(a corporation constituted under the State Bank Act 1958
of the State of Victoria, Australia)

U.S. \$125,000,000 Guaranteed Undated Capital Notes For the six months 17th October, 1988 to 17th April, 1989 the Notes will carry an interest rate of 84% per annum with an interest amount of U.S. \$442.36 per U.S. \$10,000 Note and U.S. \$11,059.03 per U.S. \$250,000 Note. The relevant interest payment date will be 17th April, 1989. Listed on the London Stock Exchange

Bankers Trust Company, London

co Central de Costa Rica U.S. Dollars Floatin Rate Serial Notes due 1988-1992 For the period 17th October, 1988 to 17th April, 1989 the Notes will carry an interest rate of 94%% per annum, with a coupon amount of U.S. \$45.22 per U.S. \$1,000 Note payable on 17th April, 1989.

ASSOCIATION)

Manufacturers Hanover Corporation U.S. \$100,000,000 ing Rate Subordi Floating Rate Subordinated Notes due 1997 In accordance with the provisions of the Notes, notice is hereby given that the Notes will carry an intense rate of 84% per armum for the period 17th October, 1988 to 17th January, 1989, with a coupon amount of U.S. \$10,000 denomination and U.S. \$5,670,14 for the U.S. \$250,000 denomination and will be payable on 17th January, 1989 against susrender of Coupon No. 14. Manufacturers Hungwer Limited

INTERNATIONAL CAPITAL MARKETS

EIB seeks £100m through | Central **Eurosterling sector**

A HANDFUL of diverse issues yestarday including the first new fixed rate conventional Eurosterling issus for some time. Secondary market busi-ness was limited with low vol-umes and directionless trading in the dollar sector affecting sentiment in the rest of the market

Market.

Klainwort Benson led a fillom issue for the Kuropean Investment Bank which matures in 1997 and was launched at an initial yield margin of 31 basis points over comparable gilt-edged issues, a spread deemed attractive by several institutional investors.

Sterling bonds have been Sterling bonds have been well-underpinned of late, mainly by technical factors, with 1996/1997 maturities performing more consistently than many other areas of the market, notably the five year

The enduring popularity of the Canadian dollar was dem-onstrated once again yesterday by the success of an issue in the currency for Eurofima which was increased due to demand to a final total of C\$100m by lead manager Banque Paribas Capital Markets.

US DOLLARS

D-MARKS

US DOLLAR STRAIGHTS

CANADIAN DOLLARS

AUSTRALIAN DOLLARS Bank of Nova Scotia

Final terms fixed on : Dynic Corp(a) • Hokuriku Elec. Ind.(a) • •

ECUs Cred,Foncier De France(c)◆

option after 7 years at 10112, declinitanding ECU bond due April 14 1994.

In the final run-up to the US elections, the Canadian dollar seems to be attracting several investors who will not be happy to put funds into its US counterpart until the race for the White House is decided. New Euro-Canadian paper is currently stimulating the inter-est of a much wider group of investors than just the Conti-pental retail accounts whose

appetite has propelled the sec-tor so far this year.

The Eurofima deal carries a 1996 maturity, making it one of the very few deals over seven years to come to the sector

INTERNATIONAL BONDS

was well bid at a discount of 1.75, comfortably within total

Salomon Brothers International was the lead manager on the week's third issue in the Australian dollar sector which saw two new deals on Monday including a particularly successful issue from ANZ. Yesterday's two year A\$75m deal for the Bank of Nova Scotia was the largest se fire this week and the Bank of Nova Scotia was the largest so far this week and

NEW INTERNATIONAL BOND ISSUES

143

100

10132

10014

"Not yet priced. "Private placement. With equity warrants. Final terms. (a) Coupon fixed as indicated. (b) Call option after 7 years at 10112, declining by 14 point annually. (c) Fungible with Credit Foncier's

FT INTERNATIONAL BOND SERVICE

1992

1997

YEAR STRUMENTS
Belgium 54, 92
Belgium 45, 94
Canada 44, 92
Elex, De France 51, 94
Iraliand 52, 93.
Rorway 51, 95.
Rep. of Italy 53, 92
Sweden 45, 93

G. M.A. C. 94, 93 GS
E. M.A. C. 94, 92 GS
E. M.A. C. 94, 92 GS
E. M.A. C. 94, 92 GS
E. M.A. C. 94, 97 E.
Imp Chem Inds. 10 G3 E.
Imp Chem Inds. 10 G3

FLOATING RAYE
MOTES
Alliance & Leic Bid 94 &
Belgium 91 US
Britannia 5 93 &

New Zealand 5 97 £.
New Zealand 5 03 US.
State Bk. New. 98 US.
Woolwich Equit. BS. 93 £.
Woolwich 5 95 £.

SONOS Acon 6 4 02 US.
Alcon 6 4 02 US.
Alcone Brands 7 4 02 US.
Amer. Brands 7 4 02 US.
Amer. Brands 7 8 02 US.
Asis 5 92 DM.
CBS. Inc. 502 US.
Figitus 3 99 US.
Claff-Sope Bit. 22 03 US.
Land Secs. 64 02 E.
MCA INC. 5 12 02 US.
Mingita Captera 2 4, 940 M.
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Charge on

Issued Bid 677: sky week 1766

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also carried the highest coupon of the three. At 14% per cent, this was at a level even higher than that seen on Monday's NZ560m issue for BP America. The high coupon on the Bank of Nova Scotia deal was expected to generate good retail demand with the traditional Benelux retail investors seen as buyers.

sa buyers. Nomura International led the first Japanese equity war-rant deal for some time with a \$150m four year issue for Tokyo Electron on which the coupon is indicated at 5 per cent. The deal was bid around a level equal to its total fees.

Electricité de France made a

rare appearance in the Swiss capital market with a SFr100m 15 year issue via Union Bank of Switzerland. The deal carries the Republic of France guarantee and is expected to meet good demand.

Credit Commercial de France Credit Commercial de France led a Ecusom six year deal for Credit Foncier which met a good reception despite the heavy volume of new paper issued in the sector recently. The new deal is fungible with an outstanding issue by the same borrower, over which it offered a generous yield pre-mium at launch.

112/34 Nomura Int.

13₈/5₈ Bq Paribes Cep.Mids 14/5₈ Bil.

n/a UBS

134/5 Kleinwort Benson

134/58 Credit Comm.De France

banks 'will act to halt

\$ rise'

CENTRAL RANKS are ready to act if the dollar exchange rate threatens to rise sharply again, according to Mr Eckard Pieske, director of the West German Finance Minstry's

Speaking at an international banking conference in Lugano, Mr Pieske said it was fixe determined will of at least the Group of Seven, reiterated three weeks ago in West Bertinet was a relieve a relieve and the conference of the lin, to pursue a policy aimed at exchange rate stability. The central banks of not

only the (G-7) summit countries have recently shown energetic resistance in various ways when the dollar rate threatened to break out in an unwards direction, and they will continue to do this." he

"I have the impression that "I have the impression that the financial markets have understood the relevant sig-nals from the monetary anthorities," he said. Stressing the need for stabil-ity, Mr Pleske said renewed dollar depreciation would thank acquaints proof the sould.

check economic growth world-wide and would boost US infla-

On the other hand, further appreciation of the dollar would bring the process of reducing the US balance of payments deficit to a halt and encourage demands for trade

restrictions; to his theme, Mr Pieske stressed, however, that further interest rate rises should be availed because of their sesious consequences for

developing countries.

A rise of one percentage point in dollar interest rates causes a \$5bn increase in developing countries' interest payments, he suid. Thus since April their annual interest burden had climbed by around

He urged industrial nations to ahn for low inflation and make greater use of fiscal pol-icy to take the pressure off monetary policy to reduce the need to raise interest rates: "If we want a lasting reduc-

tion in interest rates, we must tion in interest rates, we must strengthen private saving, for example by removing the abil-ity to offset interest payments for mortgage and consumer credits against tax, "We must also reduce public.

sector deficits. Both steps must be taken above all in countries having to fight cur-rent-account balance of pay-

Referring to the US presi-dential election in November, he urged the new president and Congress to take serious steps to cut the US budget defi-cit further. "It was in America's own interests to do so,"

Ministry plan for Japanese bond market

THE JAPANESE Finance Ministry is considering creating a market where traders can borrow bonds for a certain period, enabling short sales of government securities, Reular reports from Takyo.

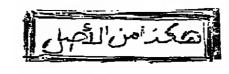
The ministry is now collecting data on government bond.

ing data on overseas bond repurchase (repo) markets and opinions from the industries

opinions from the industries concerned, and details have yet to be worked out, the ministry said.

The market, which could be in operation by April next year, would cut traders' costs of financing trading inventories and open up investment. ries and open up investment opportunities for institutions with significant bond hold-ings, the official said.





18. 43 98. Cty 43 98. Pern. B/S. 43 93. Va 54 98.

SWISE FRANC

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Mixed midsession for Treasuries as oil dips

By Janet Bush in New York, George Graham in Paris, and Simon Helberton and Dominique Jackson in London

US TREASURY bonds traded mixed at midsession yesterday with the focus on the dollar, crude oil prices and continuing uncertainty about whether a long bond will be suctioned in the November quarterly

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refunding
At midsession, short-dated maturities were virtually unchanged from Monday's close while the long end was as much as % point lower. The Treasury's benchmark 30-year

issue was quoted it point lower for a yield of 8.87 per cent.
Earlier, the long bond had traded as much as it point higher on expectations that the necessary legislation would not be passed before Comments. be passed before Congress breaks up to give the Treasury authority to issue more long bonds. However, as the session wore on, opinion seemed to shift in favour of the authority hains of these.

shift in favour of the authority being given.

Otherwise, oil prices contin-ued to be a factor. Crude for November delivery was yester-day morning quoted at \$14.80 a barrel on the New York Mer-cantile Exchange, 41 cents below Monday's close. However, this weakness was seen merely as a technical correction and there is some nervousness that prices could rise again if Gulf oil producers manage to agree to a revised

production pact.
The dollar fell back again yesterday to Y126.75 compared with Y127.95 earlier and DM1.8048 after DM1.8208 earlier. There were no major economic releases yesterday.

THE BANK of France yesterday raised its official intervention rate by a quarter of a per-centage point to 7.25 per cent at its money market tender.

The increase follows a rise in interest rates at the previous day's weekly Treasury hill auc-tion, where 13 week bills were sold at 7.75 per cent, compared with 7.36 per cent a week ear-lier, and a build-up of pressure on the French franc in the cur-

rency market. Higher interest rates were already discounted in the bond market, after Mr Pierre Bérégovoy, the Finance Minister, had said at the weekend that he would raise interest rates if.

necessary, rather than considering a realignment of the franc's exchange rate within the European Monetary Sys-

The Matif long bond future, which had fallen sharply the previous day, regained 15 points to 105.80.

The French central bank yes-terday left the bill repurchase rate, which usually marks upper bracket for money mar-ket interest raies, unchanged at 7.75 per cent, restoring the

GOVERNMENT BONDS

usual margin of half a percentage point above the tender

UK GOVERNMENT securities were yesterday largely unmoved by a slight weakening in sterling and official figures showing an unexpected rise in government borrowing in September. In an active day's trading these tradestates day's trading, they tended to

edge higher. Index linked issues were keenly sought and prices for stocks with maturities past 2000 rose uniformly by a point. Demand for index linked issues, which appears to be sustained by latent inflation concerns, was sufficient to exhaust finally a £400m tap of 2 per cent Treasury 1994s which yesterday.

the Bank of England first offered on June 2.

The market for conventional stocks was quite strong. Rumours abounded of foreign interest in the market, though this appeared to be more heard than seen; some attributed the market's vigour to book reposi-

market's vigour to book reposi-tioning by market makers.

The December long gilt con-tract on Liffe was well traded.

In all 33,339 contracts were traded. The December gilt peaked at 97%, its highest level since it began trading at the beginning of June, but closed down at 97%.

WEST GERMAN government bonds were barely changed in very light volume as dealers waited in vain for some fresh incentives from the foreign exchanges. Although prices derived some support from a marginally stronger tone to the D-Mark, potential price rises were limited by the light profit taking which has been seen over the last couple of days.

The average yield on all public paper rose marginally to

6.14 per cent at the fixing from 6.13 per cent yesterday while the latest 10 year 6 per cent federal government issue was also fixed slightly higher to yield just over 6.4 per cent. Although the Bundesbank is widely expected to issue a new bond shortly, further details on the timing were not available

BENCHMA	RK GOVERN	MENT BONDS

	Coupon.	Pete	Price .	Change	Yield	Week ago	Month
LIK GILTS	18.500	9/92	111-07	+2/32	9,97	10.03	10.55
	8.750	9/97	95-01	+1/32	9.50	9.61	10.10
	9.000	10/08	100-18	+14/32	8.94	8.01	9.44
US TREASURY	9.260	8/96	- 103-02	+ 1/32	-8.77	8.76	8.82
	8-125	.5/18	102-18	4/32	8.88	8.87	9.01
JAPAN No 105	5.000	12/97	· 101,5009		4.78	4.84	5.11
No 2	5.700	3/07	108.2043	-0.204	5.05	5.08	5,36
GERMANY	6.500	5/98	100.6250	+0.060	6.43	8.48	6.60
FRANCE BYAN	9.000	7/93	101.6962	+0.132	8.55	8.44	8.57
" OAT	6.500	6/97	96.6000	+0.125	8.72	8.53	8.84
CANADA"	9,600	10/96	98,7500	+0.625	9.70	9.80	10.02
NETHERLANDS	6.500	7/98	,_101.8750	-0.100	6.27	6.31	8,57
AUSTRALIA	12-500	1/96	103,2010	+0.112	11.90	11.85	11.60

Murdoch group signs \$2bn credit facility

By Stephen Fidler

FINANCING OF mergers and acquisitions continues to provide the focus of much activity in London's international syn-dicated loans market.

Yesterday, Mr Rupert Murdoch's News International doch's News International signed a \$2bn credit facility to help finance the proposed \$3bn acquisition of Triangle Publications, a private US publishing company which includes TV Guide among its titles.

Midland Montagu, which co-ordinated the financing, said the facility, which had been underwritten by 10 banks, comprised two equal

banks, comprised two equal tranches: a short-term facility and a five-year revolving credit Repayments of principal on the medium-term credit begin

after three-and-a-half years, and both parts of the loan carry margins of ¹₂ percentage point over London interbank offered rates and commitment

fees of 2 per cent.

Montagu, which said it
would issued primary syndication of the medium term
credit later this month, said further financing had been arranged by News America Publishing, a North American effiliate. Syndication will begin over

the next two weeks of a 2530m, five-year facility for Daily Mail and General Trast, which launched on Monday a recommended offer for Associrecommended offer for Associated Newspapers, of which it already holds 49.95 per cent.
Citicorp has agreed to underwrite the entire financing, the agreement for which has already been signed. The margin starts at 1 point over Libor, which will fall to 5 point when the facility is reduced to £300m after 12 months. There is a commitment fee of 1 per cent.

ment fee of 1 per cent. Bankers were also focusing on a financing for Elders IXI, which made a £1.5km bid on Monday for Scottish and New-

British Funds
Corporations, Dominion and Foreign Boods
Industrials

9.

. Rhône-Poulenc, the French chemicals concern, is increasing the size of its Eurocommercial paper programme to \$500m from \$275m and has added an option to issue in yen. Daiwa Europe and Citi-corp were added to the six-bank dealer group. sell on to end-investors as

Bull proposes \$200m perpetual note issue

By George Graham in Paris

BULL, THE French state-owned computer group, is about to launch a \$200m fundraising exercise using the tech-nique of perpetual capital notes pioneered by Rhône-Pou-lenc, the state-owned chemical company.

Air France, the state-controlled airline, is also expected to follow suit shortly with an issue of perpetual notes, although it said yesterday that it was considering other finan-

cing techniques as well. The issues, using a complex

repackaging of perpetual notes for restrictive fiscal treatment to give the issuer the closest possible equivalent to equity capital, appears to provide a convenient escape route for France's state-sector compa-nies, many of which are in urgent need of fresh funds but which cannot issue new

On his re-election in May bonds bought with a his year, President François prepayment of interest on the litterrand ordered a halt to notes. this year, President François Mitterrand ordered a halt to privatisation issues.

however, are paving the way

for the perpetual notes which would - in theory - make them unattractive to future issuers.

The notes are repackaged after issue so that the perpet-ual notes are in fact paid off after 15 years, using accruing US Treasury zero coupon

This leaves the issuing com-The French tax authorities, pany with 75 per cent of the owever, are naving the way value of the issue as capital.

Bull's \$200m issue, expected to be announced today or tomorrow, will be led by J.P.

Morgan. The technique has so far been used only in France, mostly by the public sector. But investment bankers say it is of equal interest to private sector companies and can be a cost-effective way of raising quasi-capital for private companies

As such, the technique could be applied in countries other

French taxman takes a dim view

George Graham on fiscal opposition to a hybrid form of capital

THE IDEA of perpetual capital notes began in Puerto Rico in 1982. They have come a long way since then and appear to have found their true calling among France's state-owned

companies. Rhone-Poulenc, the chemical group, started the ball rolling with a \$1.3bn issue, the largest deal ever done in the interna-tional capital markets for a French borrower without the

guarantee of the state. Credit Lyonnais, the state-owned bank, followed suit with a \$350m issue, and two other French state sector companies, Bull and Air France, have issues in the pipeline. And, as if to prove that the instrument works for the private as well as the public sector, two other banks, Batif and Compagnie Bancaire, have made \$200m

issues. Perpetual capital notes transform as nearly as possible into the equivalent of preferred equity. But the French fiscal authorities are contesting whether repayments are taxdeductible, which could make the method less attractive to future issuers.

The basic technique of the Rhone-Poulenc issue has been repeated by subsequent issuers, though in smaller sizes. A \$1.3bn issue of perpetual subordinated notes was bought by Merrill Lynch, the US investment bank, at an interest rate of around 100 basis points over

Rhone-Poulenc made a prepayment of interest due on the perpetual notes from their six-teenth year onwards, equivalent to around 26 per cent of the value of the issue. Merrill then repackaged the issue to Credit Enhanced Perpetual Capital Notes, buying with the prepaid interest US Treasury zero coupon bonds, which will accrue to pay off the principal of the perpetuals in 15 years

The completion of the deal however, required a good deal of additional legal and fiscal high technology from Shear-man and Sterling, the firm of lawyers, and Coopers and Lybrand, the accountancy

The basic idea of using zero coupon bonds to pay off the principal was used by Merrill Lynch for Puerto Rico in 1982, and underlay the big deal attempted by Morgan Guar-anty for Mexico last year. Banque Stern and its new parent Swiss Bank Corpora-

tion, followed similar lines with issues for Batif and Com-pagnie Bancaire to those used by Merrill for Rhone-Poulenc

and Credit Lyonnais.

For the issuer, the face interest rate is on the high side though not the 300 to 400 basis points it might have to pay to issue straightforward perpetual bonds, a market which col-lapsed spectacularly in 1986 --but the proceeds can be treated

For French state-owned companies, which have had to come to terms with the standstill of the privatisation programme since the stock market crash a year ago, and more definitively since the re-elec-tion of President François Mit-terrand in May, interest in the technique is understandable Many of these companies, especially Rhone-Poulenc, whose chairman, Mr Jean-Rene

Fourton, has spent more than FFr20bn on acquisitions in the



Jean-Rene Fourtou: needed badly to raise more capital

last two years, needed badly to raise more capital, but had already reached the limit for issues of non-voting certificates of investment (CIs). Investor appetite for new CIs is, in any case, distinctly jaded, while even new issues of ordi-

nary equity have not been easy since the stock market crash. Most French companies tapping the equity market lately have used combinations of convertible bonds and warrants to tempt investors.

For banks, the perpetual notes will also help to meet the new prodential ratios agreed by the Cooke Committee of the Bank for International Settle-ments. For Batif and Compagmust the second tier of capital, but Credit Lyomais, which has added to the subordination of the notes the fact that interest many substitutions.

Mr Gilles Oudiz of Banque Stern, saidd: "As pure debt, it remains a profitable operation, but that is not really the point."

is not cumulative in the event of non-payment, believes its notes will be accepted as first tier capital. Not all bankers share this interpretation.

The technique could interest a wide range of companies in France and elsewhere in Europe which have need of capital but want to avoid the dilution, both of their voting control and of their earnings per share, that would follow an issue of ordinary equity. Depending on market conditions, it may also be cheaper than raising equity, which needs to be sustained by dividend payments

But the French fiscal authorities appear to be adopting a restrictive view of how much of the payments companies may deduct from their tax bill as interest, and how much conastitutes repayment of capital.
Although Bull and Air France
have already fixed the tax conditions for their operations, this could call a halt to future

Budget ministry officials have indicated that in future they will treat the prepayment of interest, used to buy the zero coupon bonds, as non-deductible, and will only allow a portion of the annual interest payments to be deducted. Accountants are contesting this treatment, which they say has no basis in the legal texts.

The final question mark hangs over the accounting treatment for the issuer. Some auditors appear unlikely to accept the issues as capital, which reduces the attraction.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

	There indices are the joint completion of the Financial Times, the institute of Actuaries and the Faculty of Actuaries												
	EQUITY GROUPS			ry Octo	-			Mor Oct 17	Fri Oct 14	Thm Oct 13	Year ago (approx		
ŀ	SUB-SECTIONS Formula to the stocks per section A stocks per section	Indez No.	Day's Change	Est Earnings Yield'% (Max.)	Gross Div, Yield% (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1988 to date	Index No.	ladex No.	Index No.	intex No.		
ī	CAPITAL 60005 (230)	834.86	441	19.57	4,87	11.70	22.65	805.36	810.51	886.54	815.6		
2	Building Materials (28)	1024.57	+8.3	11.85	4.27	18.41	27.52	1125.47	1124.79	1819.59			
3	Contracting, Construction (38)	16177	-6.3	11.57	3.62	11.27	49.49		1415.18	1618.29	1533.5		
Ŧ	Electricals (12)	2324.97		8.75	.4.03	15.56	64.48		2324.60	2517.32	2866.4		
ż	Electronics (29)	17765.18	+8.4	- 10.07	3.53	12.78		1754.83	172LA9	1714.18	17405		
þ	Mechanical Engineering (57)	424-27	-	18.24	4.19	11.96	12.27	426.65	423.91	423.11	431.3		
3	Metals and Metal Forming (7)	494.79	-1.0	9.83	3.91	12.58	18.86	499.53	476.42	475.47	466.5		
ı	Motors (16)	284.56	101	11.45	4.45	18.00	8.12	28A.75	283.56	282,67	.334.6		
	Other Industrial Materials (23)	T345'59	+0.3	7.47	3.47	12.19	43.86		1354.32	1357.24			
IJ	CONSUMER GROUP (186)		PROFESSOR	7.25	3.46	- 23.70	21.38						
2	Brewers and Distillers (21)	1726'03	8.7	18.32	3.59	.12.23		1158.24		1126.67	987.3		
ì	Food Manufacturing (21)	767.54		9.16	3.90	13.43	- 19.54	967.99	963.12	964.93	841.2		
١		1949.32	-0.9	9,84	3.46	24,60	42.23		1906.96	1863,70	2026.3		
4	Health and Household (1,2)	1936.18	. +0.1	6.76	2.54	1723	18.01	1935.61	1913.00	1901.53	1714.2		
1	Leisure (30)	1370.12		8.76	3.67	14.64	30.27	1394.63	13%77	1391,14	1770.1		
	Packaging & Paper (17).	-504.06	+1.1	9.97	3,88	12.78	13.94	553.89	50.87	546.85	577.4		
3	Publishing & Printing (19)	3455	+6.5	1.25	4.06	15.15	81.4	3473.29	3343.65	3215.21	34%3		
١	Stores (34)	772.51	+0.3	18.25	4.33	12.13	27.70	767.48	764.69	743.55	965.5		
١	Textiles (16)	55.17	-0.5	19.26	531	8.85	13.82	525.61	521.77	514.96	724.2		
	OTHER GROUPS (92)	911.35		. 11.86	4.41	11.0	22.92	913.23	105.84	992.35	975.2		
H	Agencies (19)	1474.69	. 48.7	. 3.19	2.58	25.42	19.25	1073.66	1067.87	1044.35	1186.7		
1	Chemicals (22)	1054.62	-0.1	11.99	4.79	18.62	37.54	1965,67	1856.56	1853.83			
3	Conglomerates (12)	1227.34	-8.6	15.48	4.54	14.91	25.60	1257.77	1253.48		1131.7		
ì		1951.89	-0.4	11.57	4.74	11.29	-:58.57	1960.30	1558.88	198.96			
ı	Telephone Networks (2)	984.41	-8.4	11.28	4.52	11.51	21.31	998,62	973.90	972,83	947.3		
		1232.36	+8.4	11.44	4.41	9.94	37.24	1227.41	1214.77		1331.A		
ı	INDUSTRIAL GROUP (488)	985.07	-	10.07	. 3,98	12.32	22.76	765.44	973.40	971.87	773.3		
ı	Oil & Gas (12)	2772.66	-	10,63	6.27	12.05	- 76.79	1772.86	1754.94	1721.68	1778.4		
		1052.11	-	19,15	4.29	32.28	27.23	1852.67					
4	FINANCIAL GROUP (123)	700.87	0.3		5.11		23.97	783.02	700.56	497.A7	419.6		
ı	Banks (8)	482.84	-1.0	20.50	4.50	6.52	11.13	688.83	684.37	679.42	642.7		
ı		1007-33	+9.3	28.50	5.27	0.32	37.11	1884.35	1004.77	1991.78	953.4		
١	Insurance (Composite) (7)	542.78	- 44		5.75		22.33	544.74	545.29	542.82	. 515.90		
1	Insurance (Brokers) (7)	N2.43	+8.3	- 9.27	6.71	13.54	45.86	257.44	951.71	957.18	774.J		
l	Merchant Banks (13)	337:15	-0.2	- 3.23	4.35		9.20	338.48	335.99	335.04	435.3		
		7240.00	-8.2	1.65	2.67	23.44	17.45	1243.36	1232.13	1235.84			
	Other Financial (31)	370.31	10.7	1937	5.40	12.13	11.66	366.83	365.62	3446	417.5		
4		929.53	10.7		3.09		15.97	926.75	921.96	919.77	971.9		
	Investment Trusts (77)	573.84	18.2	1845	3.64	20.46	15.77	572.87	568.31	543.29	512.2		
Ì	Mining Finance (2) Overseas Traders (8)	1354.71	10.4	9.22	435	12.59	49.44	1348.91	1326.0		1151.2		
											_		
ĺ	ALL-SHARE INDEX (719)	164.35	-0.1	÷ ÷.	4.37		26.62	%5.65	955.49	952.00	957.9		
I		ledex.	Day's Change	Day's High -	Bay's .	0d 17	Oct 14	0d 13	0ct 12	Oct 11	Year '		

FT-ACTUARIES SHARE INDICES

	FIXED	NTE	RES	r			AVERAGE GROSS REDEMPTION VIELDS	Oct 18	Mon Oct 17	Year ago (approx
PRICE INDICES	Tue Oct 18	Day's change %	Mon Oct 17	xd adj. today	xd adi. 1988- to date	1 2 3	British Government Low 5 years Comparis 15 years 25 years	9.52 9.14 8.86	9.59 9.28 8.92	9.6 10.0 9.7
British Gove 1 5 years 2 5-15 years 3 Over 15 year 4 irredeemah	120.07 137.67 149.16 tes 174.27	+0.39 +0.47 +0.76	119.89 137.13 148.46 172.95	=	9.71 11.51 12.64 8.84	6789	Medium Syears. Coupons 15 years. 25 years. High Syears. Coupons 15 years. 25 years. irreductables.	9.92 9.36 9.43 18.81 9.51 9.11 8.84	9.98 9.42 9.19 19.87 9.58 9.18 8.90	19.3 19.2 19.0
Intex-Linked 5 years 7 Over 5 years 8 All stocks .	129.72	+0.27 +0.60	129.36 124.65 124.84	-	1.61 2.96 2.65	11 12 13 14	Index-Linked Inflation rate 5% 5yrs. Inflation rate 10% 5yrs. Inflation rate 10% 0ver 5 yrs. Inflation rate 10% 0ver 5 yrs.	2.95 3.71 1.76 3.53	3.06 3.75 1.86 3.57	3.7 4.5 3.8 4.5
	ees . 118.03	+0.27	117.77 89.68		9.40 5.88	选	Sein & 5 years	11.65 11.00 10.69	11.80 11.91 16.72	11.6 11.6 11.6

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Option		Nov	Feb	Apr	Hov !	Feb	Age	Tesco (*247)	140 160	12	18 71 ₂	22 18	15 ³³ 6	18	10 20
Ladbroke (*453.)	700	56 38 10	72 49 26	56	34	11 29	13			Nov	Jan	Mar	1 (For	Jag	Mar
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-		-						(*595.)			33	50		72 !	80
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(*487.)	460 500 550	36 12 2	56 14	2	23	14 30 68	25 77		460	5	15	1 23	1 67 1	70 !	77
(283)	280 300	212	19 16	75	18	11 22	15	Option		Nov	Feb	May	Nov		May
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WHAT'S IN A NAME?

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INTERNATIONAL COMPANIES AND FINANCE

Pebereau stake-building fuels market speculation

MR Georges Pebereau, the MR Georges Pebereau, the former chairman of France's Compagnie Générale d'Eléctricité (CGE), is causing a stir on the Paris bourse by building up stakes in several French privatised groups through his recently formed Marceau Investissements investment bank.

bank.
Marceau Investissements.
whose capital was increased
this month to FFT1.8bn
(\$292m), has increased its stake
in Societé Générale, the country's biggest privatised commercial banking group, from
0.6 per cent to between 2 and 3
per cent during the past few
months.

months. Mr Peberesu's bank has also increased its stake in Compag-nie Financière de Suez and acquired positions in Paribas and CGE, his former telecom-munications and heavy engi-

neering group.
Mr Pebereau's manoeuvres have provoked a wave of spec-ulation that the former CGE chairman, an accomplished international dealmaker and financial virtuoso, is on the verge of launching a number of spectacular operations in the newly privatised company sec-

Indeed, there have been a

series of rumours that Mr
Pehereau and a number of his
French and international
financial pariners had already
accumulated 10 per cent
or more of Societé
Générale.
Societé Générale shares have ITT's telecommunications

Société Générale shares have been heavily traded in recent weeks, but the large privatised bank has claimed that 51 per cent of the voting rights in the group were held by friendly investors including 30.3 per cent in its so-called hard core of stable shareholders.

shareholders.
But Mr Pebereau does not appear at present to have any hostile intentions towards the

privatised groups.
Indeed, while he has increased his stake in Société Générale, the large privatised bank appears in turn to be planning to buy a stake in Mar-cean Investissements.

However, the former CGB chairman seems to be seeking to play an increasingly active role in the broad financial strategies of the privatised groups in which Marceau investissements has acquired

Mr Pebereau created Marceau investissements after he was replaced by the former

77.7

sets up new tax-exempt index fund right-wing government at the top of CGE shortly after he negotiated the landmark tele-communications agreement between CHE and ITT giving the French group control of

By Barry Riley in London THE RECENT series of launches of index-matching funds has continued with the introduction of a new UK Index Exempt Fund by County NatWest Investment Manage-

UK group

ment.

It is claimed to be the first index fund to be tailored to the needs of small and medium-sized inx-exempt pension funds and charities.

The funds are designed to

interests.

Mr Peberem has succeeded in building Marceau investissements into an increasingly significant player on the Paris financial scene with the help of key partners like Mr Gustave Leven, the veteran chairman of Perrier, and Mr Jean-Louis Descours, the head of the André shoe group.

Nearly 50 per cent of Marceau Investissements shareholders are foreign investors, including among them ITT which owns a 6 per cent stake in Mr Pebereau's investment bank. funds and charities.

Index funds are designed to match as closely as possible the performance of a selected stock market index, in this case the FT-Actuaries All-Share Index. CWIM is one of the leaders in this field in the UK, and already runs some EMu (\$5.20m) of index-tracking portfolios, mostly for large portfolios, mostly for large pension funds. It says that during the past three years its funds have tracked the index to within 0.63 per cent on an annualised basis, ignoring management fees.

management fees.

The new fund has started with \$20m but another \$30m to \$40m is said to be waiting for subscription. As an incentive, CWIM is waiving front end charges for the next two mouthly dealing dates. Reyond that the charge will be 5 per cent on the minimum \$250,000 subscription, falling to 0.65 per cent on £10m-plus investments. The annual management fee is 0.1 per cent.

CWIM uses a risk matching approach to achieve close tracking, instead of full replication. Initially the portfolio will contain \$250 stocks rather than the 711 in the All-Share

than the 711 in the All-Share Index. As the fund gets bigger the number of stocks may rise to an eventual 450.

on employee benefits business By Nick Bunker in London

bank.

Mr Pebereau also acquired this month a 10 per cent stake in Wagons-Lits, the Franco-Belgian diversified travel and tourism group, famous for its railway sleeping cars, by forming a joint venture with the Caisse des Depots, the large French state financial institution whose chairman Mr Robert Lion has long been

ert Lion has long been a close friend of Mr

Sedgwick acts

LONDON-based Sedgwick Group, the world's second larg-est insurance broker, is setting up a new company, Sedgwick Financial Services, with 550 staff and current annual turn-over of about £25m (\$43.5m), to integrate and develop its Euro-neen, and Far Fastern penpean and fear Eastern pensions, employee benefits, and personal financial planning business.

With 20 actnories and 1,500 corporate pensions clients in the UK, Sedgwick already ranks about fourth biggest among British based employee benefits consultants. Mr David Strauss, Sedgwick Financial Services chief executive, said yesterday the new company would bring together the group's existing European, Asian and Pacific Basin employee benefits businesses, with a particular emphasis on serving transnational corporate clients in the European Community in the run-up to 1992. With 20 actnaries and 1,500

Mr David Rowland, Sedgwick Group's chief executive, said the goal was to raise cial services turnover from the present 8-10 per cent of group turnover to about 15-20 per

The group has in the past been criticised by some com-mentators for failing to match the global employee benefits and financial services expanalon of its major rivals, New York-based Marsh & McLennan

and Alexander & Alexander.

Rales raise cash bid for Interco to \$2.73bn

By Rob Vincent in New York

AN INVESTOR group has improved its bid for Inter-co, the St Louis based manufac-turer of clothing and shoes. The group, led by Steven and Mitchell Rales, lifted its hos-tile bid from \$70 to \$74 a

The \$2,73bn cash offer will put now pressure on Interco's management offer which at \$76 a share is a mixture of

cash and subordinated deben-tures, say analysts,
Intereo has plans to restruc-ture the group in the face of the bid and said last month that the plan was designed to deliver shareholders the pres-ent walno of at least 276 a

share. But analysts believe that the latest offer from the Rales brothers is going to be hard to

is to be secured through Drexel Burnbam Lambert and a syndicated led by Chase fanhatian Bank. The Raies' offer has been xiended to October 31.

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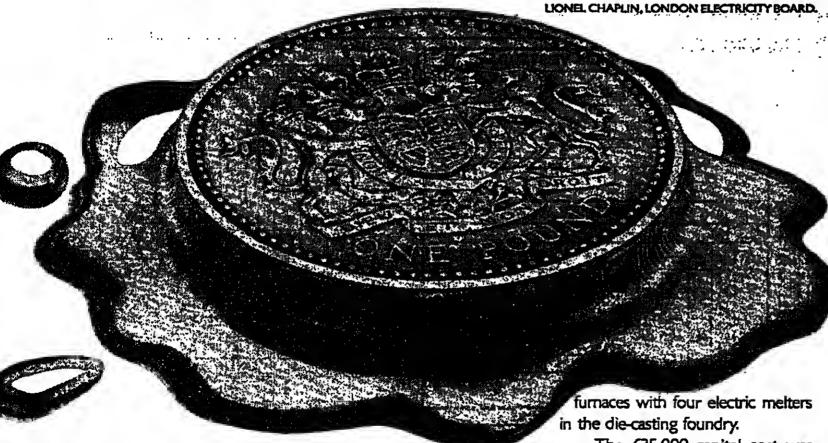
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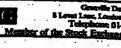
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Mining companies	reports - Overte	rended 30 Senten	her 1000

Mining companies' reports – Quarter ended 30 Sept	&djustments necessary in the valuati	d progressive figures for the current year to date, including those naucted. 1988: R1,00 = £0,24, £1,00 = R4,23. Stual sampling results. No allowance has been made for on of the corresponding one reserves. The reports regularly each quarter, should write to the as Limited, 295 Regent Street, London W1R 8ST.
Horiebeestionien	Prieska Copper Mines Limited - Continued	Loraine Gold Mines, Limited - Continued
Fig. No. 0503928708 Fig. No. 0503928708 lessued capital: 1 12 000 000 shares of 10 cents each Chamber Quarter Quarter	Financial Despetches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despetiches made during previous quarters. The operating profit for the quarter includes a further provision of F876 000 towards the anticipated costs which will be incurred to comply with statutory and other objections associated.	Cuerter Cuerter Cuerter Financial Year Cuerter ended e
anded ended anded ended 30 Sept 29 June 30 June 1968	The operating profit for the quarter includes a further provision of R878 000 towards the anticipated costs which will be incurred to comply with statutory and other obligations essociated with the enventual closure of the mine. The total amount provided to 30 September 1988 is R10 052 000 (30 June 1988; R9 176 000). Militatinum tax on companies During the quarter the Company peld R2 146 000 in respect of minimum tex on companies.	Service benefits
Gold recovered 69 7 456 7 509 30 778 Yield 94 9.4 9.5 Plevenue 80 80 37 301 56 99 58	Mining operations Mining operations during the quarter continued at the reduced miling rate of approximately 110 000 tens per month. Capital expenditure	Capital expenditure 10 862 8 802 29 143 Appropriation for loan repayments and adjustments for currency fluctuations 164 31 254 Uniteted investment 65 65
Revenue	There were no outstanding commitments at 30 September 1988 (30 June 1988: Nii). For and on behalf of the board. D. J. Crowe Directors R. A. D. Wilson	11 026 8 896 29 462
Profit	Ofractors: D. J. Crowe (Cheirman), R. P. Filten, C. C. Gedeon, B. E. Nersov D.M.S., D. A. Lynch, Citye S. Menell, D. J. Pednesult, R. A. D. Wilson Alternate directors: D. A. Bielne, A. J. Brink, J. J. Gettlenburgs, G. J. Robbertze 19 October 1988	Sempled
Heverus	Easier Transvaol	Sampled
Revenue	Consolidated Mines, Lid	Channel width
Oride produced kg 89 912 61 868 388 952 Yield kg/t 0,11 0,12 0,12 Financial results R000 R000 R000 Working profit - gold mining 161 140 144 80 569 227 Profit(loss) from sales of uranium codde, pyrite 161 140 144 80 569 227	Issued capital: 4 318 876 shares of 50 cents each Charter Custor year ended ended onded 30 Sept 30 June 30 June 1996 1998 1998	Channel width
and sulphuric acid. 5 521 (1 885) 13 519 Non-maring income 12 512 10 082 32 515 Net royalty receipts 1486 429 2090 Other expenses — Interest paid, currency adjustments, stones adjustment and employee 5 500 210 7 906 9 933	Operating results ± 92 200 80 200 345 420 Ore milited	Comberley Basel Eldorado Total and recis rec
Profit before texation and State's share of profit 180 329 145 310 607 458 132 145 310 607 458 132 132 132 132 132 132 132 132 132 132	Rovenue	Not included in the Eldorario reefs are massive orehodies estimated to contain a total of 363 600 tons at an average grade of 6,7 g/t. The pay limit may be adjusted on a quarterly basis to titige account of material changes in the gold price. Financial The financial results include profits realised on hedging transactions concluded during the
101 360 171 360 171 360 171 360 171 360 171 360 172 113 701 228 903 137 01 137 01 137 01 138 0	Financial results R000 R	quester, in terms of the company's articles of association, the directors' borrowing powers are limited to R35 000 000. At 30 September 1988 borrowings totaled R5 718 000 (1987; R5 955 000), of which long-term borrowings amounted to R5 596 000 (1987; R5 768 000) and short-term to R120 000 (1987; R187 000). Minimum tex on companies
Channel width 57 64 60 Channel yellus - gold 97 22.0 19.9 22.2	Taxasilon	During the quarter the Company paid R1 775 000 in respect of minimum tax on companies. Hedging transactions: As at 30 September 1968 the Company had sold a portion of its future gold production as detailed below: Forward price Quarter ending Kg of gold sold Forward price per log sold
The financial results include profits realised on hedging transactions concluded during the quarter. In terms of the Company's efficies of association, the directors' borrowing powers are limited to RSO 000 000. At 30 September 1988 borrowings totalled RS 267 000 (1987: RS 638 000), of which long-term borrowings arrounded to RS 106 000 (1987: RS 018 000) and short-term to R161 000 (1987: RS20 000). Hedging transactions The Company has entered into certain option contracts so as to enhance gold revenue should	Development	31 December 1988 F35 092 The forward price has been calculated at the F/S exchange rate ruling on 30 September 1988. Capital expenditure Outstanding commitments at 30 September 1988 are estimated at R2 121 000 (30 June 1988: R5 877 000). For and on behalf of the board
the gold price remain below \$460 per ounce during the forthcoming quarter: Put options Put options Cuarter ending Durchesed 31 December 1988 The definion the Company had, as at 30 September 1988, sold a portion of its future gold production as detailed below:	Financial The financial results include profits recised on hedging transactions concluded during the quarter. Hedging transactions As at 30 September 1988 the Company had sold a postion of its future gold production as detailed below:	D. J. Crowe Directors R. A. D. Wilson Directors: D. J. Crowe (Chairmen), J. J. Geldenbuye, B. E. Hersov D.M.S., L. Howill, K. M. Hoeking, G. C. Krafft, G. Maude, Clive S. Monell, S. W. van der Coll, R. A. D. Wilson Alterrate directors: J. H. J. Buska, P. J. Eustane, B. J. Functors, T. C. Rees, G. J. Robbertze, J. E. van Niekerk, K. A. West 18 October 1988
Character ending Kg of gold sold per kg sold 31 December 1988 2586 R35 082 The forward price has been calculated at the R/S exchange rate ruling on 30 September 1988.	Quarter ending Kg of gold sold Permand price per fig sold S1 December 1968 323 R35 d92 The forward price has been calculated at the RIS exchange rate ruling on 30 September 1968.	Consolidated Muchison Lid
Dividend Final dividend No. 65 of 90,5 cents per share, declared in June 1968, was paid in July 1968. Capital expenditure Outstanding commitments at 30 September 1988 are estimated at R17 131 000 (30 June 1968: R11 399 000).	Dividend Final dividend No. 76 of 185 cents per share, declared in June 1968, was paid in July 1968. Capital expenditure Outstanding complements at 30 September 1968 are estimated at Fig. 159 000 (30 June 1988:	tesued ehere capital: 6 240 000 shares of 10 cents each Quarter Querter year ended 30 Sept 30 June 30 June 1988 1988 1988
For and on behalf of the board B. E. Hersov Orectors D. J. Crowe	For and on behalf of the bound R. A. D. Wilson Directors D. J. Crowe	R000
Ofroctors: B. E. Homoov D.M.S. (Chelment), B. L. Bernstein Hon. LL.D. D. J. Crows, J. J. Geldenbuye, E. P. Gueh, G. B. Lee, Cilve B. Mentell, T. L. Pretorius, J. C. James van Rembusg. Abernste Ofroctors: J. H. J. Buste, P. J. Eustece, K. M. Hosteling, T. C. Rees, G. J. Robbertzs, J. E. van Nielenk, R. A. D. Wilson. 19 October 1988	Directoc: R. A. D. Witern (Chairmen), D. J. Crows, J. J. Geldenfluys, B. E. Hersov D.M.S., Clive B. Menell, G. J. Robbertos, J. E. van Nickerk Alternate director: B. J. Fundon 18 October 1988	Cost of sales 11 203 10 464 38 833 Working profit 2 797 1 574 3 519 Net non-mining income 890 3 655 6 637 2 464 7 174 Prospecting sependiture 509 391 1 418
Pilesko Copper Mines Ud	Loidine Gold Mines, Lid	Profit before taxation 3 128 2 073 5 758 Taxation 170 410 1 236 Profit after taxation 2 958 1 663 4 520 Capital expanditure 1 164 3 205 9 635 Dividend - - 1 872
Issued capital: 54 000 000 shares of 50 cents each Financial Casarter Caustor year ended ended ended 30 Sapt 30 June 30 June	Reg. No. 053913606 Issued capital: 18 366 986 shares of F1,00 each Quarter Quarter Quarter year graded ended ended	Financial The lower average gold price of R31 373 per kilogram received for the quarter, compared to the average of R32 269 received in the previous quarter, was off-eet by improved gold sales of 244 kg compared to 187 kg. The combined effect of a marginal increase in antimony sales volume over the previous quarter and the weaker rand, resulted in higher antimony revenue.
Operating results 1968 <td> 30 Sept 30 June 30 Sept 1988 1988 1988 1</td> <td>Non-mining income includes an accruel of R659 000 following the Company's claim for the year ended June 1987 in respect of the export incentive scheme of the Department of Trade and Industry. Taxation reflects the Company's fieblity for tax based on the quarter's results. Payment of Minimum Tax on Companies' of R435 000 was made on 30 September 1983.</td>	30 Sept 30 June 30 Sept 1988 1988 1988 1	Non-mining income includes an accruel of R659 000 following the Company's claim for the year ended June 1987 in respect of the export incentive scheme of the Department of Trade and Industry. Taxation reflects the Company's fieblity for tax based on the quarter's results. Payment of Minimum Tax on Companies' of R435 000 was made on 30 September 1983.
Concentrates despatched 10 163 5 117 45 212 Copper 2 8 456 8 207 77 125 77	Revenue	Prospecting Surface exploration is now focussed on areas of interest which have previously been identified and being close to established infrastructure may have potential for exploitation in the short term. Underground drilling established a small increase in payable ore reserves.
Profit/(loss) before tracifion 10 504 (5 247) 20 563 1 343 14 820 1 3819 (3 804) 5 763 Capital expenditure/(recoupments) (264) (59) (161)	Costs R000 64 121 57 944 232 080 11 149 18 707 36 948	Capital expenditure Outstanding commitments at 30 September 1988 are estimated at F335 000 (30 June 1988: F1 731 000). For and on behalf of the board M. W. Hawarden Officiors R. A.D. Wilson
Dividend	Working profit—gold mining 11 149 16 707 36 948 Profit/floss) from sales of uranium codde and pyrite 20 (247) 125 Non-mining income 3 079 2 153 8 536 Carried forward 14 248 15 818 45 609	Directors; M. W., Hayerdon (Chairman), R. A. D. Wilson (Deputy Chairman), W. D. Clough, V. G. Bray, P. J. Cronshain, D. J. Crows, B. E. Hersov D.M.S., Clive S. Menell, P. F. Rettel Alternate director; P. W. J. Connen

Cash call of £44m to finance deal and end debt

Fitch acquires Distillers' distributor from Guinness

FITCH LOVELL, food manufacturer and distribution group, yesterday announced that it was buying the UYC distribution business from brewing group Guinness. The total consideration - including debt assumed by Fitch - will be around £22m.

To finance the deal and elimincle existing borrowings, F∷•b also plans a one-for-four rights issue at 225p a share to raise £43.9m after expenses.

Yesterday Fitch shares eased
12p to 260p.

UYC became part of Guinness following the Distillers
takeover. It supplies and distributes food products – basically dry groceries - to cater-ing and bakery customers in the UK. It has a chain of over 20 principal depots, and in 1987 turnover was £65m.
According to Fitch, UYC has

STRONG & FISHER, which is

waging a hostile bid for rival leather group Pittard Garnar,

yesterday claimed that the pro-

posed acquisition would

"result in a group better able to compete in the international

tanning industry and .. reverse

the shrinkage in the UK

In its offer document, posted

yesterday, Strong argues that a reference to the Monopolies

and Mergers Commission is

not warranted, because the leather industry should be assessed in an international

With regard to the four ele-

ments of the industry where

leather industry.

undergone some reorganisa-tion making earlier figures not entirely comparable. However, in the recent eight months to end-August, management accounts suggest an operating profit (before head office costs, indirect expenses, pension con-tributions and interest) of over £1m. Sales in this period were

Fitch already takes in a dry groceries distribution business which, it reckons, previously ranked amongst the top three in the UK - the others being UYC and Booker. It also takes in frozen foods distribution.
The UYC purchase will extend operations further into

Scotland and the south west. However, Fitch estimates that around half the UYC depots have some overlap with its existing operations and says there will be scope for some

Strong & Fisher puts bid case

raised, it repeats its assertions

that: the enlarged group would account for less than one-third

of skin purchases from abat-

toirs; would account for only six out of 18 fellmongeries in

the UK, with the others having

access to independent skin sup-

ply sources; suggests that UK

with non-UK tanners anyway; and argues that the enlarged group would supply less than 20 per cent of the UK clothing

leather industry, with much finished leather sourcing done

arranged a £35m loan facility

To fund its offer, Strong has

nners are mainly competing

rationalisation. Slightly more than half Fitch's business will now come from distribution, although the company says it plans to keep a 50:50 split between manufacturing and distribution in the long-term.

Firch expects to pay around £5m for UYC itself, and to assume debts of about £17m. The rights issue has been underwritten by Hill Samuel. At the last April year-end, Fitch's gearing had risen to about 40 per cent. Yesterday Fitch warned that

the company was still exper-iencing problems on the cooked mest side, which would "hold back progress in the first haif". However, it added that there had been encouraging progress in other areas, such as the fish operations. It said it was too early to predict an outcome for the year as a whole.

and Caisse Nationale de Credit

Agrocole. The loan is repayable in two tranches, in December 1989 and in December 1980.

forms gearing figure of 157 per cent, while the loan agreement requires that gearing should not exceed 300 per cent before

July 1989, 230 per cent between

then and January 1990, 150 per cent between then and July

1990 and 100 per cent after

Last night, Pittard said it saw no industrial logic in the merger. The offer had been pitched at a "derisory" level

and the bid, if successful,

would create a financially

The document suggests a pro

considered the issues very carefully, but it is n disappointment". He added that "we think the balance is still in our favour." Speaking about his decision to accept the Mecca offer, Mr Gerry Upsdell, UK equities manager of Provident Mutual, said he "had a lot of opportunities to meet both companies.
We listened carefully to the arguments on both sides."
Mr Upsdell added: "It was not an easy decision." However, the state of the

Provident

Mecca's bid

PROVIDENT MUTUAL, the single largest shareholder in Pleasurama, leisure group, has accepted the offer from Mecca Leisure, the bingo, holiday camps and nightchubs group.

The addition of Provident's

5 per cent holding is a significant boost for Mecca. Over the weekend it announced that it

weekens it amounted that its owned, or had acceptances totalling 18.4 per cent of Plea-surama's equity. It is believed the total had increased to

about 30 per cent last night.

Mecca's £748m offer closes
today, but can be extended
until Saturday.

Mr Nat Solomon, Plen-

surema's chairman, said: "I recognize that they (Provident)

Mutual

By Philip Coggen

backs

ever, Provident felt that Mecca had done its home-work and the combined group does make for a very logical

The Mecca offer is seven new ordinary shares, 10 new convertible preference shares and £3.15 in cash for every 10 ordinary shares in Pleasurama. That values each Pleasurama share at 251p, com-pared with yesterday's price of 224p, up 5p. Mecca's price closed down 5p at 179p. See Lex

Ralston Inv. Trust joining main market By Philip Coggan

newly-created company in which Caledonia Investments holds a 75 per cent stake, is joining the assin market via a placing valuing the trust at a

Ralston Investment Trust,

little less than £15m.
Calcionia is the investment company of the Cayzer family which until recently held the majority of its assets in the Commonwealth Holdings,

financial services group.

Raiston will be one of two vehicles for Caledonia's portfolio holdings, the other being English & Scottish Investors, an investment trust in which Caledonia has a 25.4 per cent stake. In addition, Caledonia has a number of investments in other quoted companies such as Close Brothers, mer-

The Ralston trust, which will aim for both income and capital growth, will concentrate on investment in smaller UK companies, with a particu-lar emphasis, in the longer term, on unquoted invest-ments. It will be managed by Grahams Rintoul, manage-

Grahams Rintoul, manage-ment group, in which Cala-donia has a 25 per cent stake. The initial portfolio, which has been transferred from Cay-zer, includes substantial hold-ings in British & Common-ments. Cantillary wealth Holdings, Scottish National Trust, Prudential, Royal Insurance and Guin-

County Nat West Wood Mackenzie is placing 6m shares at 62p each. The pro-forma net asset value per share is 79.9p, putting the shares at a discount of 22.4 per cent. The notional gross yield is 3.23 per cent.

Kelt lifts stake in Carless to 5.3% Kelt Energy, an oil independent which is making a hostile bid for the larger Carless oil group, yesterday announced that it had acquired a further 500,000 shares in its target.

The shares, bought at 113p each, take Kelt's stake to 9.44m shares, or approxi-mately 5.26 per cent.

An emphasis on net asset growth

Paul Cheeseright analyses the new path being taken by Mountleigh

T HALF past three yes-terday morning in a suite of the Hilton International, Rotterdam, Mr John Duggan struck the deal which signals that Mountleigh, the aggressive property group built up by Mr Tony Clegg, has embarked on a newer, quieter

For four weeks, Mr Doggan, ensconced as Mountleigh chief executive last week, had been having general property talks with Organizacion Diego Cisneros of Caracas. Only this week did the prospects of ODC buying a portfolio of central London properties creatallies into don properties crystallise into detailed and rapid negotia-

But the deal, which brings Mountleigh £317.5m for Paternoster Square and four other properties, is a far cry from the dizzy transactions with which

dizzy transactions with which Mr Chegg used to thrill the market last year.

Mountleigh will make very little profit on the deal after the tax charge has eaten into the margin between the portfolio's book value of \$200m and the purchase price.

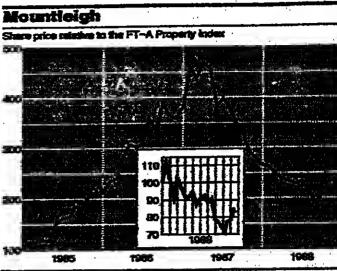
Yet the sale immediately does three things for Moun-

does three things for Moun-tleigh. of irst, at a personal level, it stamps the personality of Mr Duggan on the group. Mr Clegg may remain the chairman but he had nothing to do with this latest transaction and not much to do with the sale in July of Stockley Park, the busi-ness park, for £160m.

This is significant in market

terms. The market had grown suspicious of Mr Clegg's ability to sustain fast earnings growth through property trading. The shares since the equity crash a year ago have performed poorly. A wide gap has opened up between the market price and the net asset value of the company, estimated at around 250p by Phillips and Drew, the company's broker. That gap needs to close in order to lessen Mountleigh's voinerabil-ity to a takeover bid.

•Second, the sale of Stockley Park and the deal with QDC bring in nearly £500at and reduce Mountleigh's gearing.



As part of the arrangement with ODC, loan notes worth \$80.88m will be retired by ODC. These loan notes were issued last year when Mountleigh bought from ODC the Galerias Precisios department store

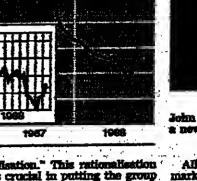
chain in Spain. In its last belance sheet, Mountieigh's gross borrowings were put at £526.7m. Mr Dug-gan said that although the debt was not critical he had "a very was not critical be had "a very prodent approach to life. You get a lift lean when there are high interest rates." Taking into account both on and off balance sheet debt, he put Mountleigh's gearing at 40 to 45 per cent. If only the on balance sheet borrowing is considered then gearing is about 25 per cent.

per cent.

Third, the ODC deal marks a significant rationalisation of Mountleigh's property portfolio. For Mr Duggan, Paternoster Square, over which Mountleigh last assumed full control last May, represented too large a chunk of the portfolio's total value. It was producing little income and its trading value would remain conjectural until would remain conjectural until planning permission had been granted for redevelopment.

Although Mr Duggen does not rule out further property sales, he added that we have

made a hell of a start to ration-



alisation." This rationalisation is crucial in putting the group on to a new path.

Mountleigh won its market popularity in 1996-87 through its ability to spot the profit potential in breaking up property portfolios. This was Mr Clegg's forte. But to keep the market happy he had to go faster and faster. Even when pretax profits were more than doubled to £70.7m in the year to April 1988, the market was to April 1988, the market was not satisfied.

Mr Duggen is now staking out a claim for a different Mountleigh. "I want to get us off this profits treadmill," he

At this stage, he stated, he does not have a precise business strategy. But the general direction is clear. The emphasis goes on to not asset value growth as a fundamental tenet." This will be mixed with developments, although, Mr Doggan added, we will treat development very cautiously."
By that he means that Mountleigh will not enter into devel-

opments unless it can get out of them at a profit should the market turn down. And he made clear that the funds Mountleigh is realising from its recent sales will not autometically go into development



emberking ou

All of this chimes with the market mood of the moment. This year sentiment has been in favour of asset growth and the property merchant developers have been downgraded, generally underperforming the investment companies.

Mr Doggen sets off on his new course with properties worth, on Phillips and Drew calculations, about 2600m after recent movements in and out of the pertiplic.

He has development prospects at Camberley town cen-tre, the Criterion Theatre in London's West End, at Pudsey. Degenham and elsewhere that he says will be seen through. Mountleigh though has yet to establish its track record, in market eyes, as a developer.

But Mr Duggan could be short of time. The sale of Paternoeter Square could have made the group more susceptible than less to a takeover in the immediate future.

Paternoster Square is one of the most difficult redevelop ment projects to manage both politically and environmentally. Now that it is out of the way and the gearing has dropped Mountleigh could look a juicier target than it was before.

Derwent Valley

£1.69m midway

Derwent Valley Holdings.

from £818,006 to £1.6914 on

rental income up from

During the six months, prop-

erty trading generated gross

profits of £949,000 (£790,000). Tax was £613,000 (£295,000). An extraordinary credit of £436,000 (£65,000) represented

the surplus on the disposal of

investment properties. Earnings per 5p share were 13.85p (16.17p) on sharply increased capital of 7.76m shares.

The interim dividend is double to the control of the contr

bled to 1.5p to reduce the dis-

Principally through improved operating margins, gained by increased production effi-

ciency, Delyn Packaging lifted pre-tax profit from £155,900 to

£389,000 in the half year ended

With earnings at 3.18p (1.95p) the interim dividend is raised to 0.45p (0.375p).

Chepstow downturn

First half 1988 profit at Chepstow Racecourse declined from £21,294 to £19,777, on

Three race days were lost

through adverse weather (one day last time) and so again 11 race days were held. Earnings

Carbo acquisitions

Carbo, maker of Carborundum abrasive products and special-

ist resins, has bought John Prior Plastics and Colwyn

Plastics for n total of £1.65m cash, to be funded from exist-ing cash resources and bank facilities.

Both are specialist injection

moulding companies based in Colwyn Bay, Clwyd, with com-mon shareholders and the same management. In 1987 pre-tax profits of John Prior

were £72,875 and of Colwyn £70,402. Net assets were £309,607 and £233,197 respec-

July 31 1988.

(£436,604).

came to 3p (3.1p).

parity between payments.

Delyn Packaging

doubled to

£627,000 to £1.4m.

Libret lifted gre-tax profits to property investor, more than \$200,000, on turnover of film, in the four months to end-August.

In the year to end-August, the year to end-August, the year to end-August.

McAlpine sells brick arm to Marley

from overseas.

monopoly queries have been Nova Scotia, Barclays Bank

By Clare Pearson

ALFRED McALPINE, the manufacturing base in Scotconstruction company, has sold its Scottish brick manufacturing operation to Marley, building materials group, for

land, to add to its existing tile operations. McAlpine said the sale was part of its policy of shedding all interests in build-Marley said the acquisition provided it with its first brick ing materials — apart from concrete blocks — since it sees these as peripheral to its main

Shares in McAlpine fell sharply earlier this month after the company warned that pre-tax profits for the year to end-October would be "signifi-cantly" lower than the £31.4m achieved last time.

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Application has been made for all the ordinary shares of 5p each ("Ordinary Shares") of Miller and Santhouse PLC to be admitted to the Official List. It is expected that such admission will become effective and that dealings will commence in the Ordinary Shares on 24th October, 1988.

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4,750,000 Ordinary Shares of 5p each at 20p per share

payable in full on application

McCaughan Dyson Capel Cure (UK) Ltd 65 Holborn Viaduct London EC1A 2EU

Member ANZ Group Member of The Stock Exchange Member of The Securities Association

Clearcare House 18-28 Seel Street Liverpool L1 4NL 19th October 1968

Molynx in £3.7m purchase By Clare Peerson kakis as chief executive in Feb-

management team at Molynz, security and closed circuit television equipment manufacturer, yesterday announced its basis at 85p per share, second acquisition this year. The purchase of The company is paying a maximum of £3.73m for Lioret, an environmental control com-

The initial consideration of £1.6m is being financed by an issue of 1.83m new ordinary

Cramphorn

to £870,000

advances 27%

REVITALISED shares. Of those, 52 per cent eath at Molynz, are being placed, with claw-back provisions for existing shareholders, on a one-for-zour

which marks Molynx's first venture into environmental controls, follows the £2.4m cash and share acquisition of Videmech, a CCTV concern, in. August. This came after the

appointment of Mr Nick Mavri-Royal Ins buys rest of Lincolnshire estate agent

Cramphorn, USM-quoted garden centres operator and distributor of garden and pet products, increased pre-tax profits by 27 per cent in the year to July 2, due mainly to improved margins and greater efficiency. The result of

£870,092, up from £683,540, was scored on sales of £16.44m, against £15.97m. An increased final dividend of 4p is recommended, for a total of 5.5p (3.5p adjusted), on earnings per 50p share of 20.16p (15.03p).

Pearson redemption

Pearson plans to redeem early
on October 25 — the following unsecured loan stocks plus
interest accrued from July 1: the 4 per cent 2001-05 at £80.50 per cent; the 10 per cent 2001-05 at £106 per cent; and the 10 per cent 1993-98 at £103.50 per cent.

Yearlings up 3

The interest rate for this week's issue of local authority bonds is 11% per cent, up 4 of a percentage point from last week, and compares with 10% per cent a year ago. The bonds are issued at par and are redeemable on October 25 1989. A full list of issues will be published in tomorrow's edition.

Corres -

Total

ROYAL INSURANCE, price of 394p, the bid is worth composite insurer, plans to £43.35m. Royal said Brown issue up tollm new shares to shareholders could elect to pay for an agreed bid for the take the consideration in cash.

TURKY.

over £2.5m.

to end-December.

pay for an agreed bid for the take the consideration in outstanding 57.8 per cent of Brown expects to sell a William H. Brown, Lincol-50,000 houses in 1968. nshire-based chain of 250 estate agencies.

The move takes the number of estate agency outlets in which Royal has a controlling

interest to 772. At last night's closing share

in the year to eng-Apri

profits were £252,000 and turn-

pre-tex profits of not less than £800,000 (£509,000) for the year

Molynx itself is forecasting

Brown expects to sell about In common with other leading insurers, Royal has been buying estate agencies for the last two years, largely as a means of securing new distri-bution channels for its life assurance and financial ser-

Seafield rises to I£0.5m

lass reported pre-tax profits of IE502,060 (£422,000) in the six months to June 30, against 2229,000 in the comparable six months. During the latest period the company undertook a capital reorganisation.

These latest results include the performance of J T Hunt 3.71p (2.41p).

SEAFIELD, Irish textiles and (Storage) and J T Hunt (Work-PVC-coated fabrics producer, sop) on a merger accounting has reported pre-tax profits of basis and the comparisons are 16502,000 (2428,000) in the six therefore adjusted.

Chesterfield up to £5.4m

CHESTERFIELD Properties increased its pre-tax profit from £3.02m to £5.43m in the first half of 1988, and is lifting the interim dividend from 5.5p

Results reflected the impact for the whole period of the con-vertible preference share issue made in August 1987, and accounted for reduced interest

TODAY

The comparable period was also marked by unusually disappointing results from the entertainment activities which had returned to normal profit-

ability.
Letting at the development at Crystal Peaks, Sheffield and Quasar Centre, Walsall, continued satisfactorily.
Turnover in the period came to £9.42m (£8m). Earnings were 16.86p (11.52p).

BOARD MEETINGS The following companies have notified delea of board meetings to the Stock Buchanga. Such meetings are unasily held for the pur-pose of considering dividends. Official indica-tions are not scalable as to whether the dividends are insules or finals and the sub-Lap Group

Nv. & Marc. Grd.inc.Tst.
Solitebys Hidgs.

Vivat Hidgs. ICHAY
Interime—Billingsgate City Seam, Soot (H.),
Carling inde, City of Orderd Inv., Greenam
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Handing Assoc, Inde, Vising Resources Trust,
Flories-CoPC Trust, Chydesdels Inv. Trust,
ICarte-Telonic, TR Australia Inv. Trust,
PETTERS SATES
Interimes

E Upton in profit

E Upton and Sons intends to pay a dividend of not less 2p for the year to January 1989. The last payment was in 1980. In the year 1987-85 the group made 2543,000 after years of losses, following the years of losses, following the acquisition of property developer Southern & City. The trend continued into the first half of the current year with pre-tax profits of 2338,000 (£55,000).

Placing by JACOBSON TOWNSLEY & CO

Issued and to be Authorised Share Capital issued fully paid £1,300,000 Ordinary Shares of 5p each

The principal activity of SWP Group PLC is the design and manufacture of timber components for the building industry.

Particulars relating to SWP Group PLC are available in the Extel Unlisted Securities

Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 3rd November, 1988 JACOBSON TOWNSLEY & CO

MEMBERS OF THE INTERNATIONAL STOCK EXCHANGE MEMBERS OF THE SECURITIES ASSOCIATION

19th October, 1988

44 WORSHIP STREET, LONDON EC2A 2IT

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DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. "On capital increased by rights and/or acquisition issues. \$USM stock. \$\times\ti

Parkfield

issue to

preference

raise £29m

PARKFIELD GROUP, manufacturing and specialist

distribution group, is to issue 30m cumulative redeemable

preference shares of £1 each to raise approximately £29.25m. The placing has been under-written by Prudential-Bache and CL-Alexanders Laing &

By Flona Thompson

ملذامين الأجل

Depressed W Africa hits Zochonis

and the second of the second o

Paterson Zochonis, tolletries and detergent company which makes imperial Leather soap, fell by 27 per cent to £24.22m, mainly reflecting depressed economic conditions in West

Africa Reduced purchasing power in Nigeria, the main market, as a result of government deflationary policies hit the company in two ways: through the UK operation, which exports raw materials, as well as through the 40 per cent-owned local manufacturer. There was also a small negative effect from the fall of the Nigerian naira against sterling.

Operating profits, also hit also by losses in Interparco, the Ivory Coast general trader; plummetted from \$18.97m\$ to \$10.72m. The contribution from the Nigerian associate fell by

Meanwhile during the year to end May, the strength of sterling took its toll on a number of the export markets for Cussons branded tolletries. Kenyan manufacturing was hit by a 20 per cent fall in the

exchange rate.

But, with debt denominated in soft currencies, and investments mainly in sterling and

The company therefore expected expansion to come from developing local manufacthe triangle operations in countries where sales outlets had already been established. A soap factory in Indonesia had been set up earlier in the year but was not expected to make a contribution for the time being bution for the time being.

Tax took £9.35m (£12.18m). Rarnings per 10p share came out at 29.39p (42.74p). But the final dividend is increased to 5.95p (5.35p), making 7.8p (7.1p) for the year.

O COMMENT

Since the market never attri-buted any value to speak of to the Nigerian operations, but paid a lot of heed to the cash pile, Paterson Zochonis's shares have slightly outper-formed the index over the last 18 months while pre-tax profits

have almost halved. Defensive features continue to underpin the shares, which stand on e prospective p/e of just over 9. Now might look like a perfect moment to break the company up, were it not for the fact that a handful of the Zochonis family. own 65 per cent of the shares. Otherwise the company, which has not made a significant acquisition in a good ten years and is pro-foundly committed to its 100 year-old involvement in Nigeria (whatever the oil price) makes a pretty uninteresting investment. There were no sur-prises in these figures and analysts, factoring in some improvement in Interparco, slightly higher interest income,

Parkfield has grown rapidly, organically and through acqui-sitions, since 1983 when it was a loss-making foundry. It is now a major producer of alu-minium cast wheels for the and a bit more from Cussons, yesterday left 1989 pre-tax profit estimates unchanged at automotive market and steel wheels for commercial and off-road vehicles. It is also one about £27.5m. of the UK's largest groups of iron foundries and a major supplier of chassis pressings. In addition it distributes video films for retail sale.

The company spent £40m cash in the year to April 30 on capital investment, acquisi-tions of new businesses and working capital. Further working capital. Further acquisitions since the year end totalling £21m have been settled by cash and ehort-term finance bills and the company says capital expenditure requirements for the current year will exceed £18m.

The placing was to enable the group to seek further acquisitions and develop its existing operations, Mr Roger Felber, the chairman, said.

Boat building

Strong consumer demand for yachts buoyed the first-half performance of Birmingham-

in the shoemaking division

Prestwick Holdings beats forecast with £1.42m

PRESTWICK HOLDINGS, one of Europe's largest printed circuit board makers, outstripped its forecast with pre-tax profits of £1.42m for the year ended July 31 1988.

And the company is return-ing to dividends with a pay-ment of 1p from earnings of 7p. Shareholders' last return was

in June 1986. When raising £2.85m net last June by the issue of 3m 7% per cent convertible redeemable preference shares, the directors were looking for a profit of not less than £1.3m, before any interest received in the final weeks of the year.

The dividend payment reflected confidence in further growth in the current year, said Dr David Simpson, the

The share issne, together with a strong cash flow throughout the year, resulted in net borrowings to shareholders' funds being reduced from 130 per cent to 28 per cent.

Turnover in 1987-88 moved up to £24.2m (£19.8m) and there was e trading profit of £1.97m (loss £444,000). The previous year's pre-tax loss was £174,000 after exceptional credits of

Renison chief pulling out stops to block bid for Gold Fields

By Kenneth Gooding, Mining Correspondent

MR MAX ROBERTS, chairman of Renison Goldfields Consolidated of Australia, said yester-day his company would do everything possible to prevent the success of Minorco's £2.9bn bid for Consolidated Gold Fields.

Gold Fields owns 48 per cent of Renison. Mr Roberts was in London to present personally to the UK Office of Fair Tradto the UK Office of Fair Trad-ing his company's case about the likely demage to its operations, should ownership of that substantial stake fall under South African control via Minorco, which in turn is 60 per cent owned by Anglo American Corporation and De-American Corporation and De

Mr Roberts has also asked to talk to Lord Young, the UK Secretary of Industry. He said: "I want to be seen to be doing everything in my power to pro-tect Renison's shareholders— all of them. Unfortunately, most of my recourse is in the

However, yesterday Renison also started court proceedings in Sydney to protect its share-holders should Minorco's bid

TR NORTH AMERICA, the

£70m investment trust man-

aged by Touche Remnant, has finally released details of its

planned reconstruction. This involves liquidating the existing specialist investment trust, and transferring its assets to a

new offshore investment com-

pany.
The new company will be

based in Luxembourg and have

a variety of share classes repre-

senting different sub-funds. In total, there will be seven share

JACKSON GROUP, a civil and

mechanical engineer which

obtained a full listing in June, lifted pre-tax profits 51 per cent to £790,000 in the six months to

June 30. Turnover was £20.16m compared with £18.1m.

The interim dividend is

Jackson Group up 51%

By Nikki Tait

succeed. The move, in the New South Wales Supreme Court, is based on the premise that a successful bid would entail breaches of the Companies (Acquisition of Shares) Code in Australia, apparently by transferring control of the company without a direct takeover bid.

Mr Roberts denied that the action was an attempt to force Minorco to dispose of the Renison shares should it win control of Gold Fields. "That would damage Renison too. My objective is to stop the bid."

At his meeting with OFT officials, Mr Roberts almost certainly stressed that Ranison is one of the world's major suppliers of mineral sands, including two materials of strategic importance – titanium dioxide and zircon. If Minorco won the bid, South African interests would dominate the world market for mineral sands, he would have claimed.

Mr Roberts is certain to have pointed out that the Prime Minister of Papua New Guinea had said if Minorco became a major shareholder in Renison,

TR trust reconstruction details

the Australian group would be forced to give up its gold operations in his country. There was a danger that other countries with anti-apartheid policies in which Renison had exploration projects (including Indonesia and the Philippines) would follow PNG's example.

Mr Roberts described as "bullshit" Minorco's assertion that operating companies in Gold Fields portfolio were held beck by head office bureaucracy. He said Gold Fields had put its Australian interests into Renison in 1981 and "Australianised" the new company, meaning it was neither controlled nor managed outside the country. Renison was then worth A\$100m but today was worth ebout A\$1.4bn. Gold Fields' international contacts and expsrience had been "invaluable" to the Australian company as it developed.

In e reference to Minorco's base outside the UK, he declared: "How the hell can 25 blokes in Luxembourg do that

Manganese Bronze advances by 52%

Jeyes valued at £15m in USM placing

JEYES CROUP, manufacturer to increased competition, a product sectors. Bleach, the rationalisation and reorganisa- largest, accounted for one third leaning and hygiene products, it is joining the Unlisted Securi- mented and in 1986 the busi-

Jeyes sells its products one quarter of 1967 sales and under its own brand names brand names such as Ibcol, Zal

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BUOYANT DEMAND for the traditional curvaceous London taxi helped Manganese Bronze Holdings, the taxicab and metal products manufacturer. to boost pre-tax profits by 52
per cent to £5.22m (£3.43m) for
the year to July 31. Turnover
increased 17 per cent to £2.6m, after manufacturing 2,345 taxis, up from

£58.66m (£50.14m). The results were above analysts' expectations and the shares rose 30 to 266p. This was the second year in

which Manganese Bronze faced-competition in the form of Metro-Cammell Weymann's Metro: cab, after having a monopoly for 17 years. Manganese launched a revised version of its standard taxi the FX4S Plus model last Autumn. Mr Jamie Borwick, managing director, said the new

model had been extremely well

remain high particularly when changes allowing all vehicles to carry wheelchairs were introduced next spring, he

factoring 2,345 taxis, up from 2,062 the year before. Provincial sales rose from 500 to 825. while London sales held

Powder metals division reaped the benefit of management changes and made profits
of £1.52m (£777,000). The foundries saw a drop in pmfits from
£1.24m to £1.1m, as the upheavals in the bus and minibus
industries bit the powered
doors business. Mr Borwick
proficted a full recovery and predicted a full recovery and said there was a substantial order book for bus and railway

ness was sold to its

Farnell profit improves to British and

integration was progressing,

but there was no contribution

However start-up costs of £198,000 had been included as well as a similar amount for

assisting overseas operations

resulting in interest receivable being reduced by £250,000.

Directors said that with the European and US interests of the newly-acquired companies. Farnell was now better placed.

to achieve greater profits

etration and the integration of the skills of the new compa-

from them in the results.

announced yesterday, of Ken Stewart Engineering, a mach-ining business for £350,000 together with the repayment of debts due of £109,000.

Earnings per share increased. by 66 per cent to 21.84p (13.12p). With a final dividend of 3.75p, the total is raised to 6p (4.5p) - an increase of 33 per

The recent history of Manga-nese Bronze would make a textbook example for the *com-petition is good for you *school of thought. When Metro Cammell launched the rival Metrocab, it spurred Manganese into making some much-needed improvements to its cabs, such as making better provisions for the disabled. That - and the breaking of the monopoly - has received and the order book was full to the end of the year.

Demand was expected, to expanded with the acquisition, local taxi drivers swap their

branded product is Parozone. Disinfectant is the second larg-

est product sector, with about

and Jeyes Fluid.

The four remaining product areas, are antiseptic, flush treatments, that is toller cleaners sold in block form thought the first of the cleaners and toller cleaners and toller these flat nacks.

tissue flat packs.

Since the buy-out the group has returned to profitability and made three strategic acqui-

American Film

rises to £0.37m

In the first half of 1988 British

and American Film Holdings increased its pre-tax profit from £319,000 to £368,000, with

earnings per 5p stock unit moving from 8.369p to 9.976p. The interim dividend is

raised to 2.375p (2.125p).
Investment portfolio showed a marked recovery and,

although income from subsidiaries declined slightly, there

was a satisfactory increase in

At June 30, the effective net asset value, excluding film rights, was down to 569.2p (629.6p). By October 14 it had

risen to 594.1p.

cab. Accordingly, the market is expanding by some 5 per cent a year, which should leave scope for solid future growth - unless Metro Cammell decides to go for aggressive growth in mar-ket share. That risk apart, Manganese's prospects are bright particularly as the two other divisions reap rewards from greater efficiency and a new emphasis on higher mar-gin, finishing processes. Ana-lysts are predicting profits of £6.1m for the coming year. which, given a return to a 35 per cent tax charge, puts the shares on a rating of 11. A touch expensive on trading grounds, that reflects some bid speculation stemming from the 20.4 per cent stake owned by CH industrials. But given the strength of its performance and the large family sharehold-ing, the likelihood of a success-ful bid seems relatively alim.

Jeyes reported pre-tax profits of 51.2m on sales of 529.29m. A forecast of 51.57m pre-tax for the year to December 31 puis

the company on a prospective p/e ratio, after an expected 17 per cent tax charge, of 8.8

The bulk of the £4,08m raised via the placing will be used to

reduce borrowings. The acqui-sition activity, combined with capital spending of about £1.5m

to update plant and machinery,

has resulted in gearing reaching 180 per cent. The aim of the

flotation is to get this down to

old Cortinas for a London-style

interest buoys **Centreway Tst**

By Richard Tomkins, Midlands Correspondent

based Centreway Trust and its separately-quoted subsidiary, Centreway Industries.

The parent company manages business expansion schemes, but most of its £355,000 (£303,000) pre-tax profit in the half-year to June came from its £1 par cent came from its 51 per cent interest in Centreway Indus-tries' boat building and shoemaking operations.

Centreway Industries increased pre-tax profits to £352,000 (£298,000) on turnover of £8.99m (£8.36m). The interim dividend is unchanged at 0.5p.

Mr Tony Cross, chairman of

both parent and subsidiary, said a good half-year at West-erly Yachts had ontweighed the effect of reduced margins

£0.18m midway Miss World Group, enlarged via the acquisition of Red Rose Radio earlier this year,

ed its profits for the first half of 1988 from £175,700 to £183,200 pre-tax. Turnover totalled £493,900 against

Earnings per 10p share emerged at 5.7p (5.13p) and the interim dividend is a sameagain 20. Mr Eric Morley, chairman,

said that the outcome for the year should be satisfactory. Miss World, the shares of which are traded on the USM, said it was planning to expand opportunities which existed in independent radio by acquisition and organic growth, including the possible splitting of frequencies within existing areas which could double the

number of its radio stations. Holdings in the non-voting capitals of Piccadilly Radio and Radio City (Sound of Merseyside) had been increased to 22 per cent and 5.5 per cent respectively. At October 14 the value of the investments was £4.59m compared with a cost of

investment trust discount should be eliminated.

Shareholders will be able to switch between these classes without crystallising any capi-

classes - North America, Europe, Far East, Japan, UK Blue Chip, UK Special Oppor-tunities and Multi-currency

tal gains tax liability. Shares of the new company should trade at or near to the

underlying net asset value of the funds (rather like e unit trust) and hence the traditional

stepped up to 1.3p (1p) from earnings of 4.7p (3.2p). The chairman said all divi-

sions had traded successfully and indications were that results for the full year would

be a substantial advance on

the £1.67m achieved in 1987.

Advisers reckon that share-

olders should be able to realise their investments for cash equivalent to at least 98 per cent of TR North America's underlying assets on liquida-tion. Net asset value is cur-rently estimated at about

109.6p a share. Reconstruction plans were first announced by TR North America back in April, following some discreet institutional pressure. However, details of the scheme have taken longer than expected to finalise due to administrative delays in Lux-

embourg.
TR North America is the fifth trust managed by Touche Remnant to undergo changes in the past year. TR Pacific Basin, TR Technology, TR Nat-ural Resources have all seen reorganisation of one kind or other, and, most recently, TR Industrial and General has succombed to a bid from the British Coal Pension Funds.

Miss World The state of the second state of the second second second improves to

SPONSORED SECURITIES

235 185 Ass. Brit, Ind. Ordinary ... 3.7 4.3 2.1 3.3 6.7 5.2 11.0 12.3 14.7 5.4 6.1 1.9 23.9 5.8 • 4.2 9.0 9.9 • 4.3 4.3
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Securities designated CSD and GISMO are dealt in subject to the rules and regulations of Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are death in strictly on a matched bargain basis. Neither Grandile & Co nor

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Granville Davies Limited 8 Lovet Lane, London ECFR 88P Telephone 01-621 1212 Member of the Stock Exchange & TSA

is joining the Unisted Securimented and in 1988 the busi-ties Market via a placing which values the company at £15.1m, means was sold to its management.

Jeyes sells its products under its own brand names and customers, own-brand enlarged capital: to raise labels it has a strong customer.

£4.08m, after expenses, for the base in the UK and supplies all

The origins of Jeyes dates cary trade - its top live cary trade - its

developed Jeyes disinfectant half of UK sales in 1967 — and

fluid. The business was the leading chemists and drug acquired by Eadbury stores. Jeyes' products are sold in more than 25 countries ing losses in 1984 and 1985 due The company operates in six

£11.9m in first half

FARNELL ELECTRONICS,

Leeds-based electrical components distributor, amounced interim taxable profits liftle changed at £11.93m, against £11.18m. Turnover in the six months to the end of July 1988.

improved by £7.36m to £65.19m.

earnings per 50 share came to 5.90 (5.6p). An increased interim dividend of 1.80 (1.5p)

Two companies, Advance Power Supplies and Wallis Hiv-olt, had been acquired in the

period and directors said that

has been declared.

After tax of £4.18m (£3.91m)

GOLD PRODUCTION COMMENCES AT REBECCA

> Cluff Resources pic announces the successful commencement of gold production from the new Rebecca mine and carbon-in-leach plant near Bindura, Zimbabwe.

Gold production from Rebecca is planned to increase total gold recovered at the Freda-Rebecca complex from 15,000 to more than 70,000 ounces per

Supplied and Constructed by Restech Ltd. and E. L. Bateman (Zimbabwe) Pvt Ltd., with Nedpac Pty of Australia as Engineers.

Project Finance of Z\$14m arranged and managed by . Standard Chartered Merchant Bank Zimbabwe Ltd.

Standard & Chartered

Standard Chartered Merchant Bank Zimbabwe Limited Registered Accepting House

Highland Electronics static at £0.74m

HIGHLAND ELECTRONICS Group returned profits of £740,771 pre-tax for the 12 months to end-April 1988, little changed on the previous year's depressed £745,418. Turnover slipped from £13.76m to £12.55m.

Earnings per 20p share emerged at 6.31p (6.75p) and a final dividend of 2p makes a total of 3p (2.5p).

An extraordinary provision of £917,016 (£74,027) arose from the disposal of the manufactur-

ing stocks and other assets of the Walter Jones subsidiary together with the cost of ceas ing manufacture at the Sydenham site. This is expected to be nearly offset by a similar profit in 1968-89 on the sale of the vacated site at Sydenham.

COMPANY NEWS IN BRIEF

ARMOUR TRUST is to buy Cyclone Car Associates, maker of jump leads and vehicle tow ropes, for £900,000. In the year to end-May 1988 the company had a turnover of £625,000 and pre-tax profits of £24,710.

ASHTEAD GROUP was well

positioned geographically and commercially to raise its share of the £550m non-operated plant hire market above its present 4 per cent, the annual meeting was told. BILLINGSGATE CITY Securities: acceptances had been received by Erlanger Commercial Corp in respect 12.57m Billinsgate preferred shares (48.7

per cent) when the offer closed last week. These included 7.71m (29.9 per cent) assented by Bishopsgate Investment Management. Erlanger has received acceptances for or owns 78.3 per cent of Billings-gate preferred shares.

D C COOK had seen healthy trading in all divisions since the year end, the annual meet-

ing heard. Motor division had

achieved record sales in August and September.
LYNX TECHNOLOGY has received acceptances in respect of 4.76m ordinary shares of its rights issue. The underwriters will subscribe for the balance of 2.59m.

MEMEC (Memory and Electronic Components) has acquired Pragma, a distributor of impact and non impact printers, for £300,000 in cash. Pragma sales in 1987 were £6.1m and pre-tax profits ROCKWARE GROUP has sold

Burwell Reed & Kinghorn, a container mould making busi-ness, to its management for £2m together with some £0.5m of existing borrowings. TARMAC has purchased a further 234,944 Ruberoid shares (0.47 per cent) at 270p and now owns 8.201m (16.25 per cent). Tarmac now either owns, or has received irrevocable undertakings in respect of 21.63 per cent of Ruberoid's share capi-

Wickes sells insulation supplier

By Vanessa Houlder

Wickes, DIY retailer, has sold one of the non-core busin acquired when it bought Hunter, the timber merchanting group, last month. Wickes is selling Keith Young (Insulation Supplies) to Pilkington, the glass company, for about £4.5m cash

Keith Young supplies the building and construction markets with insulation and related materials, including the full range of Pilkington insulation products.

Wickes has also acquired G R Wiltshire, a Buckinghamshire hardwood merchant, for £2.2m. The business will be consolidated with G Hopton, a Hunter Group hardwood merchant, which will then free Hopton's Uxbridge premises for redevelopment.

This notice is issued in compliance with the Pagulations of the Council of The Stock Exchange. It does not constitute an offer or invitation to any person to subscribe for or purchase any shares. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of the Company, issued and now being issued, to be admitted to the Official List. It is expected that dealings will commence on Monday 24th October 1968.

RALSTON INVESTMENT TRUST PLC

iston investment Trust PLC is a new investment company established to invest in the securities of smaller UK mpanies, with a particular emphasis in the longer term on unquoted investments. The Company intends to qualify as an investment trust for tax purposes. Grahams Filmbul & Company Limited has seen appointed as its manager.

Placing by County NatWest Wood Mackenzie & Co. Limited

of 6,000,000 ordinary shares of 25p each at 62p per share

Share Capital

In ordinary shares of 25p each

Issued and now being Issued fully paid

County NetWest Wood Mackenzie & Co. Limited have placed 75 per cent. of the ordinary shares made available in the Placing and 25 per cent. of the ordinary shares made available in the Placing have been distributed by Roy James & Co. Listing particulars of the Company are available through the Extel Financial Limited service and copies may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 2nd November 1968, from:

County NatWest Wood Mackenzie & Co. Limited Drapers Gardens 12 Throgmorton Avenue

£8,000,000

Roy James & Co. Stock Exchange Buildings 33 Great Charles Street

London EC2P 2ES and during normal business hours on 20th and 21st October 1988 from the Company Announcements Office, The Stock Exchange, 46/50 Finsbury Square, London EC2A 1DD.

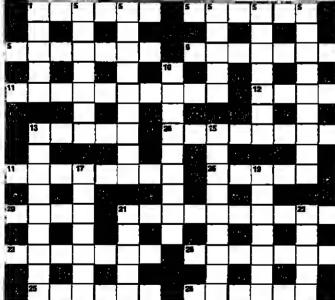
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JOTTER PAD

CROSSWORD

No. 6,763 Set by QUARK



- ACROSS
 1 and 4 Indicated by light at the end of the tunnel? (6,6)
 8 Bulky Sam vies in conflict
- (an example of 9) (7)
 9 See 8 (7)
 11 A match for competition's productive (10)
 12 School in which fame is recalled (4)
- recalled (4)
 13 Resort to pithy drolleries in
- part (5) 14 Late drink for a bird? (8)
- 16 Aid the disheartened men somehow but Insanity results (5)
 18 Gas a lightweight one (5)
 20 Slowly advance a little distance (4)
 21 So operator could be assert
- tance (4)
 21 LSO charter could be associated with the players (10)
 23 Conclusion of moss gatherer: "One uses a blade" (7)
 24 Essay? A good effort? (7)
 25 Bit of ligament out of joint in the old American (6)
 26 Eerie castle right away in
- 26 Eerie castle right away in sight (6)
- DOWN

 I The party's nothing more
- than a plant (5)
 2 Dull flat (7)
 3 A place for craft ended in prize being endlessly lifted (9)

- 5 They're essential for the use of arms (5) 6 Apply for protection (7) 7 Ale brewed with chemical
- executed with care (9)
 10 A lot having a certain hair
 style for the ball (5)
 13 The public fuss following a
 crime (3,3,3)
- 15 Exaggerated movement in
- 13 Exaggerated movement in March, so pet goes wild (5,4)
 17 Doctor, no leech, with stepped arrangement (7)
 19 Is in action, bowling with the turn (2,3,2)
 21 Animal to watch a plant (5)
 22 Send in for exercise (5)

Solution to Pazzle No.6,762 ENGLISH JOMAN
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GUIDE TO UNIT TRUST PRICING

CANCELLATERN PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down
by the government, in practice, and trust managers quote a much narrower spread. As u
result, the bid price is often set well above the minimum permissible price which is called the
cancellation price in the table, the sever the bid price wight by moved to the cancellation
price in directoristances in which there is a large extent of sellers of units over buyers.

T.ME. TABLE
The time strem alongside the first runnager's cause is the time at which the unit trasts' daily dealing prices are normally set actes another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: \$\frac{1}{2} - 0001 to \$100\$ hours; \$\frac{1}{2} - 110\$, to \$1400\$ hours; \$\frac{1}{2} - 140\$; to \$1700\$ hours; \$\frac{1}{2} - 170\$; to midnight.

HISTORIC PRICERS
The letter H denotes that prices not set our all situate basis. This means that, unless there has been an inter-coine portfallo production, investors can committe have and sell units today at

the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD SPICING
The letter 7 denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the complete or safe being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

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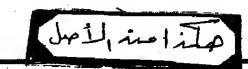
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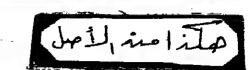
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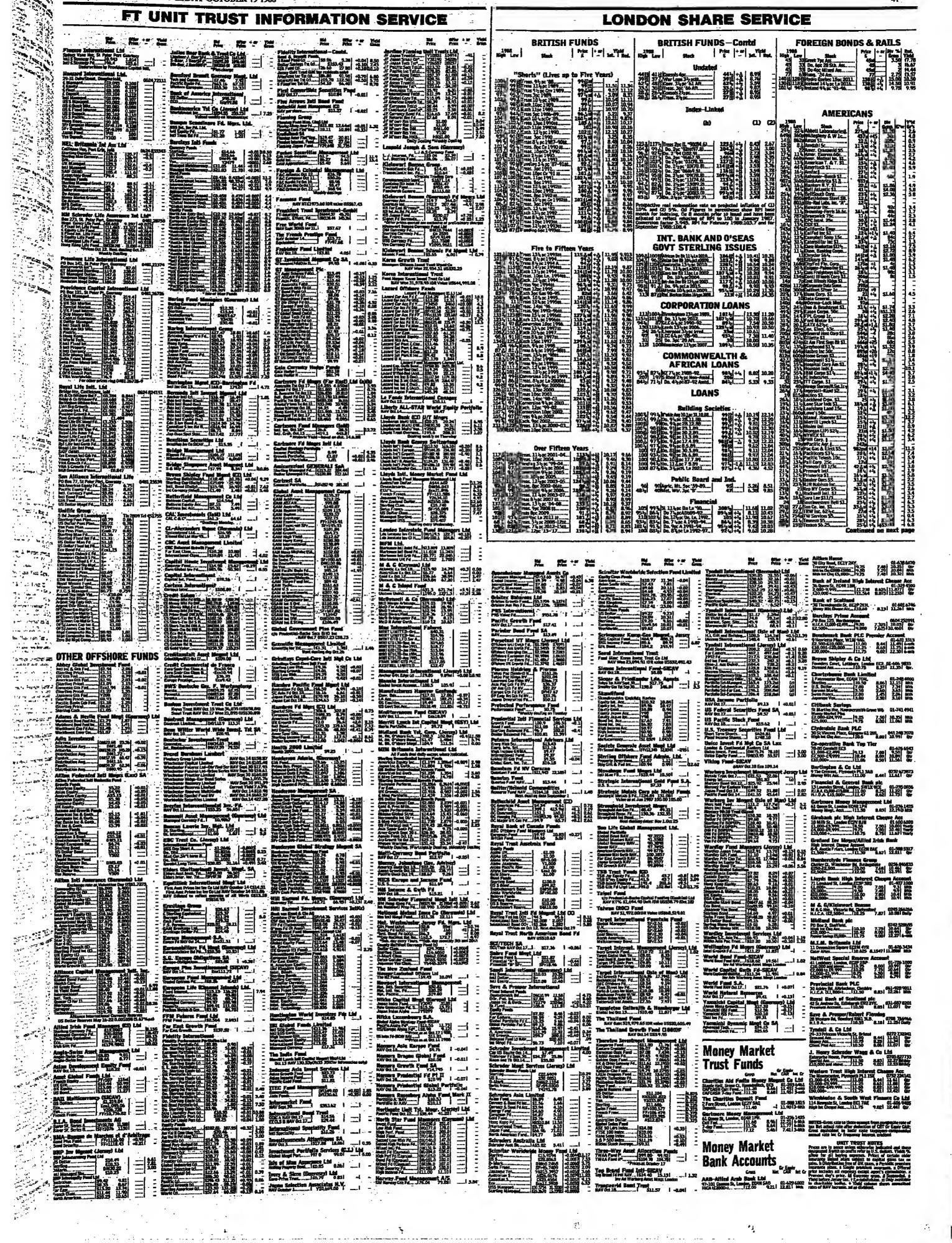


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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slips after early gains

THE DOLLAR reversed its steady course after a weaker firmer start in currency marketa vesterday, to finish close to the day's lows. The US unit opened on a stronger note, as investors took profits by closing out short positions, taken 2fter disappointing Angust trade ligures.

However. the dollar's improvement was seen as largely technical, and in contrast to an underlying bearish tone. Evidence of the dollar's weakness came in late morning, after failure to overcome resistance at DM1.8190. The obliar fell back as a result and quickly tested support at

The start of trading in New York provided no fresh support, and the dollar broke through DM1.8100 to finish at DM1.8045. down from DM1.8115. Against the yen, it slipped to Y126.65 from Y127.25. Elsewhere, it finished at SFr1.5245 from SFr1.5305 and FFr6.1575 compared with FFr6.1850. On Bank of England figures, the dollar's exchange rate index fell from 96.2 to 96.1. Sterling plotted a very

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opening. Its exchange rate index opened and closed at 76.4, down from 76.7. on Monday. The fall in September's retail sales figures continued to exert an infloence, with overseas investors more con-vinced that UK base rates may not now have to be increased beyond 12 p.c. This reduced the premium on sterling, although some dealers pointed out that the UK authorities are likely to push interest rates firmer, if the pound records a sharp loss.

Consequently there was little incentive to run short on sterling. Against the dollar, sterling rose to \$1.7515 from \$1.7480, but was weaker against the D-Mark at DM3.1600 from DM3.1675. It was also lower in yen terms at Y221.75 from Y222.50. Else-where, it finished at SFr2.6700 from SFr2.6750 and FFr10.7850

against FFr10.8125. The D-Mark opened on a slightly subdued note against the French franc, as investors

ties' intention to hold a securities repurchase tender. However, from a weaker start of FFr3.4105, the West German unit started to edge firmer after the US dollar hit resistance levels and turned weaker. By mid-morning the D-Mark was up to FFr3.4125 and was fixed at FFr3.4122, before coming back, on news of a rise in the French intervention. tion rate, to FFr3.4115. How-ever it closed at FFr3.4130, up

from FFr3.4120 on Monday. Initial reaction to the rise in French rates was not entirely favourable for the franc. Dealers suggested that the D-Mark still retains a strong position, and that a quarter point rise in intervention rates is unlikely to be sufficient to restore confidence in the franc.

However the market's initial reaction was rather muted, as investors remained wary of direct foreign exchange inter-vention by the Bank of France. If FFr3.4150 is not defended. then FFr3.4200 certainly will

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MONEY MARKETS

French rates up

RENEWED PRESSURE on the French franc prompted a rise in money market rates in Paris yesterday. The intervention rate used on four-week sale and repurchase agreements, was increased to 7.25 p.c. from

7 p.c. The move went some way towards allaying fears about the weak performance of the French franc within the EMS. but dealers stressed that a quarter point rise in the inter-

UK clearing bank base feeding rate 12 per cent from August 25 & 26

vention rate had been expec-ted. More significantly, the 5-10 day repurchase rate was left unchanged at 7.75 p.c., and the mood of the market suggests that the franc may still face

renewed downward pressure. The French authorities increased the four-week sale and repnrchase rate after announcing a fresh facility, where FFr54bn was allocated. Successful applicants receive their quota today, coinciding with a maturing facility, drain-

ing FFr69.8bn. Interest rates in London were slightly firmer at the longer end, as sterling lost ground. However, market sentiment is currently leaning slightly towards the next step in base rates as being down rather than up. Despite sterling's decline, the key three-month interbank rate was unchanged at 12-11% p.c.

The Bank of England forecast a shortage of around £600m, with factors affecting the market including bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance, draining £565m. In addition, hanks hrought forward balances £155m below target. These were partly offset by Exche-quer transactions, which added £70m, and a fall in the note circulation of £75m.

The forecast was revised to a shortage of around £650m, and the Bank gave assistance of £271m through outright pur-chases of £10m of local author-ity bills and £57m of eligible bank bills in band 1 at 11% p.c., and in band 3, £4m of eligible bank bills at 11% p.c. It also arranged sale and repurchase agreements on £200m of bills at 11% p.c., unwinding on October 25. Further help in the afternoon came to £301m, and was made up of sale and repurchase agreements on £121m of bills, under the same terms as in the morning. The Bank also bought outright, £94m of eligible bank bills in band 1 at 11% p.c., £73m in band 2 at 11# p.c. and £13m in band 3 at 11% p.c. Late help came to £170m, mak-

ing a total of £742m. In Frankfurt, the Bundes-bank announced its intention to add liquidity to the money market through another sale and repurchase agreement.

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FINANCIAL FUTURES

Gilt prices recover

EARLY LOSSES in long gilt futures were soon reversed in esterday's Liffe market as fresh buying emerged. The softer opening was largely a reflection of sterling's weaker start, but bnyers soon came into the market, and the December price recovered from an opening low of 97-04, to fin-ish at 97-11, below the day's high of 97-24, but up from 97-09 on Monday.

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第27 第28 第36 Est. Vol. fine, Eigh, and phones 14725 (1677)\$ Previous day's upon int. 42714 (41361)

186.00 186.60 Stimuted Voleme 1568 (1771) Periods day's oven inc. 13999 (13765) Est. Vol. (Inc. Figs. not shown) 3259 (3052) Previous day's open int. 31323 (31207) US TREASURY DOMES 8% \$100,000 32mb of 200%

(Jese 89-24 89-05 Estimated Volume 5179 (5217) Previous day's com int. 12926 (13613) 6% NOTHINGAL GERMAN COVT. NO DR 250,000 1000h of 100% 96.89 97.00 96.76 96.25 96.29 96.17 Estimated Volume 3730 (4999) Previous day's poez int. 7271 (6360) POURD-S (FOREIGN EXCHANGE 1-mth 3-mth, 6-mth, 12-mth

FT LONDON INTERBANK FIXING

		ONE	Y RAT	ES		
EW YORK			Treasury	Bills and	Bands	
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0ct_18	Cheralght	One Month	Two Months	Three Months	Sir Months	Lowbard intervection
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Gct_18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
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U Lisked Dep Offer V Lisked Dep Bid	:	:	72	7.8 7.2	71. 71.	猩
Treasury Bills (sell); one-month 111) per cent; three months 11 5 per cent; Sank Bills (sell); e-month 11 4 per cent; three months 11 5 per cent, Treasury Bills; Average tender rate of count 11 5483 p.c. ECGD Fixed Rate Sterling Export Finance, Make up day Sept. 30, 1988.						

Agreed rates for period October 26, 1988 to November 25, 1988. Scheme I: 13, 12 p.c., Schemes II: 8.111. 13, 41 p.c., Reference rate for period Sept. 1, 1988 to Scheme I: 13, 12 p.c., Schemes II: 8.111. 13, 41 p.c., Reference rate for period Sept. 1, 1988 to Sept. 30, 1988. Scheme II: 13, 12 p.c., Scheme IV.&V. 12, 234 p.c., Local Authority and Flasance Houses seven days notice, others seven days liked. Finance Houses Base Rate 12 from October 1, 1988; Bank Deposit Rates for soms at seven days notice 3.75 per cent. Certificates of Tax Deposit Certies 61; Deposit \$100,000 and over heid under one month? In per cent; one-three months 9 per cent; three-fix months 9 per cent; six-nine months 9½ per cent; alree-levelve months 9½ per cent; Under £100,000 7 per cent from Jely.5,1988 . Deposits withdrawn for each S per cent.

News of a 11m PSBR in Sep-tember was regarded as mindy bearish, being double the amount most forecasters had The December price opened three ticks down at 88.32, and

the cumulative surplus for the financial year so far, to Ed. the.

By contrast, short sterling futures finished on a weaker note, as the brighter mood created by Sovrember's surprises House speech by Mr Nigel Law-son. Chancellor of the Excheated by September's surprise fall in retail sales proved to be

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been looking for, and reducing

a temporary affair

LIFFE EDWARD, AR OF THE

Dec 1.10 2.20 4.40 7.66 11.60 語名のない CHICACO

20-17 20-45 があるるのではなるのである。 12 A

fell to a low of 88.27, as longer term cash rates edged up a shade. The contract finished at

Attention is now likely to focus on tomorrow's release of UK money supply figures for September, and the Mansion

2000年の大学の方子内

CL Bank Sectorary. Central Capital

EUROPEAN OPTIONS EXCHANGE FT 200 FT 225 FT 0 10 0 10 0 20 0 46 1 50 0 40 25 1024 263 270 81 7 12.0 100 327 50 733 5.73 25 20.25 760 66 364 113 57 50 21 355 334 20 21 24 22 25 CHERONAL CHEROLET 970 A 330 A 370 150 210

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BASE LENDING RATES

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Northern Bank Ltd. Remote Ser. Treat

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A FINANCIAL TIMES MAGAZINE

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companies on their

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professional. Why? The Case For The Defence Pensions Management is meticulously researched and written by the country's leading journalists and pensions luminaries. Keeping you abreast of the volatile pensions market, it will enable you to manage your

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Trustee and every other pension

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Low

(3/1/75)

Oct 17 Oct 14

107.8

High

127.4

105.4

734.7

162,7 (22/9)

Indices

Equity Bargains Equity Value 5—Day average

• S.E. ACTIVITY

Gilt Edged Bargains 111.0 Equity Bargaine 171.2

London Report and latest
 Share Index: Tel. 0898 123001

(16/7/87) (28/6/40)

118.0

2201.9

(9/1/35)

FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS

Oct

11.57 11.69 111.74 10.47 10.35 10.32 28,812 29,569 24,879 1002.23 1278.40 1021.49 28,598 30,334 24,492 395.9 506.2 473.5

●Opening ● 10 am. ● 11 am. ● 12 pm. ● 1 pm. ● 2 pm. ● 3 pm. ● 4 pm. 1513.2 1513.2 1513.3 1514.2 1514.0 1513.5 1511.5 1511.7

97,51 97.57 97.47

1510.9 1484.0 1487.9 1471.9

88.86 88.65

LONDON STOCK EXCHANGE

Market generally calm one year on

HEAVY TRADING in Lourho shares, widely interpreted as signalling important develop-ments in the future of the UK based diversified trading group, provided the main fea-ture of the London stock mar-ket yesierday. The rest of the sector passed the eve of the anniversary of the Crash of '87 in a mood of earle, almost reverential, calm; "perhaps in memory of The Fallen" as one dealer put it, not entirely

halt in late afternoon as deal-ers watched huge blocks of Lonrho shares move across the trading screens following dis-closures of transactions by

Lonrho

hogs the

limelight

The market is braced for developments this morning in the dramatic Lourho segs, fol-

lowing yesterday's extremely

heavy session which saw 67m Lonrho shares trade up to the

official shutdown at 5.00pm of

Seaq, London's electronic share trading network. Dealers continued to trade the shares

well after the Seag close at prices pushing above the final official quotation of 374p, a gain on the day of 11, and also 11 below the day's best.

Lonrho, headed by Mr. Tiny Rowland, has been the focus of

speculation for some time, but

excitement mounted yesterday

on successive disclosures of

changes in equity stakes. First Lourho announced that Bond

Corporation of Australia had

taken a 4.1 per cent holding in the UK based trading and

industrial group. Then, the trading group of fellow Austra-lian Mr Robert Holmes à Court

was identified as holder of

nearly one per cent of the Lon-

However, the biggest our-

prise of the day came when Mr

Asher Edelman, the New York

Electrical sparks

slipping back to close a net 4

up at 168p; turnover expanded

noon, but still came out at

GEC, a busy market on Mon-day when 4.6m changed hands.

were bid up to 169p prior to closing a shade harder on bal-

ance at 168%p with 14m shares changing hands after steady

buying by at least two top

French group Alcatal had been

building a stake which was said to have reached 1.6 per

cent. A flat denial by Plessey of

any knowledge of a stake building exercise saw the shares retreat from their ear-

Dealers attributed the sud-

In Plessey's case the market was rife with rumours that

ncy brokers.

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the shares.

	nt Dealing	Dates
Post Deathgas Oct 3	Qtd: 17	Oet St
Oct 13:	Out 27	Nov 10
ot Dealings; Out 14	Out 25	Nov 11
Oct 24	Nov 7	. Nov 21
	ingo may labo alagon saya s	place from
How Hene doub		

Bond Corporation and Holmes a Court of Australia, and then by Mr Asher Edelman of the US. Lourho stock continued to trads heavily long after the Seag network closed down last night. Dealers went home con-vinced that an approximent

among many was that a con-sortium has been formed by Australian and South African interests to break up Lourho.
Other UK takeover stocks
had a calmer session with the excitement moving across the Atlantic after Philip Morris, the US tobacco group, offered \$11bn for Kraft; in the second largest takeover offer in US history. This development, together with nervousness sur-

together with nervousness sur-rounding today's anniversary of last year's collapse in global stock markets, foreshadowed a slow start in New York. Equities opened firmly, sus-tained briefly by a small trading programme from a London house. However, there was dis-

appointingly little follow through to the rise of the previous session and much of the activity, which took Seaq volume to 561.8m shares against Monday's 458.7m, reflected inter-marketmaker business.Market indices shuffled around overnight levels for much of the day, slipping lower at the close as Wall Street made a dull start

The FT-SE Index closed 3.0 down at 1857.0. This represents a net fall of 444.9 points, or 19,3 per cent since October 15 last year, the last effective trading session before London joined in the Black Monday crash. The session of October 16 was effectively wiped out by a

setback reflected persistent talk in the market that some

Quite a few shares are finding

their way back to London in double quick time, in much the

same way as when Barclays was granted a listing around a

Elsewhere First National Finance continued to draw per-

sistent support from one quar-ter and ended the day 6 higher

at 224p.

Most of the action in life

assurances was concentrated in Abbey Life whose shares

in Abbey Life whose shares jumped 8% to 306%p on turnover of 6m. Abbey, the subject of widespread takeover rumours at various times this year, were again being talked of as a potential target for a European predator.

Brewary stocks, on a day of small selling and consolidation, were led lower by Scottish & Newcastie (S&N), subject of a £L6m bid from Elders IXL. In turnover of 5.9m

IXL. In turnover of 5.9m shares, S&N fell 10 to 395p, with dealers commenting that

the significance of the day's trading was that the market price had fallen below the 400p per share bid price. At yester-day's closing level, Elders could raid the market for

stock, but there was little evi-dence of concerted buying. Allied Lyons fell 7 to 483p in thin trade of just 1.9m shares,

were keen to point out, how-ever, that the permutations

around Mr Bond's various

holdings are endless. Guinness remained a steady market, ris-

ing 2 to 343p on news of the

disposal of UYC to Fitch Lov-ell, and on continued funda-

Stores were mixed, with Storehouse running ahead 8 to

193p in turnover of 4m on

revived rumours that the

mental support.

year ago."

severe storm in Southern England.

Government Sees

Ord. Di. Yield Earning Yid %(pull) P/E Ratio(Net)(\(\frac{\pi}{2}\)) SEAO Bargainet(Spm) Equity Turnover(2m)† Equity Bargainet Shares Traded (mi)†

4.39 11.58 10.46 28,163

Ordinary Share Index, Hourly changes

DAY'S HIGH 1616.6 DAY'S LOW 1508.5

Fixed Interest

Although the FT-SE has closed as high as 1879 this year (June 22) and many analysts continue to predict a year-end close of around FT-SE 2,000. the market has recently regarded 1850 as a significant testing level. Unessiness was expressed at yesterday's somewhat unconvincing perfor-

Shares in Consolidated Gold Fields gave ground as Minorco lifted its stake to 29.52 per cent, and thus disbarred itself from further share purchases before

October 25, the first closing date of its near £25m offer for Gold Fleids. the outset on buying prompted by news of the \$3.5km US loan package to Mexico — Lloyds is perceived to have the widest exposure of the UK clearers to third world debt — the bank's shares subsequently fall back to close 6% down at 319p. The sethack reflected persistent. the major business being carried out in GEC and Plessey, Ferranti also came in for a substantial amount of buying interest, particularly from one UK securities house which was said to have picked up most of the stock offered yesterday. Some 9m Ferranti were traded and the shares moved up talk in the market that some form of share placing or swap could be in the offing.
NatWest, where 4.6m went through the Seaq system, settled 3% lower at 549p with dealers reporting persistent selling thought to have emanated from Tokyo where Nat-West recently gained a market listing following the placing of 20m shares at 554p, One dealer in bank shares commented, "Quite a few shares are finding

strongly late in the session to settle 3% harder at 980. There has been heavy turnover in Ferranti shares in recent weeks amid talk that the company is set to win the lucrative contract to supply radar equipment to the Euro-fighter project.

The \$11bn bid for Kraft in

the US sent an excited shiver through the Food sector, with Cadbury Schweppes the main beneficiary. In turnover of 3.1m shares, Cadbury rose 4½ to 379p.after reaching the day's high of 383p. Other manufacturers were slow to follow.

Gateway was a weak mar-ket, falling 6½ to 1750 in turnover of 4.4m as analysts reaffirmed worries about the

group's performance.
Fitch Loveli's £44m rights issue to fund an acquisition from Guinness was reasonably well received as the shares fell

US influences were held largely responsible for renewed firmness in Bowater, up 11 fur-ther at 444p, but Pilkington failed to respond to County NatWest WoodMac advice that the shares were "beginning to look interesting". Macarthy prospered to close 14 higher at 251p, despite rumours that the price for a chain of chemists shops, since withdrawn for sale, was too high for the com-Kleinwort Benson "buy" advice nudged Powell Duffryn

a new peak for the year of 202p, while AMI Healthcare rose 7 to 246p. Tomkins also attracted support, gaining 10 to Advice that the substantial

up a few pence to 378p and a

revival of bid speculation

raised Low & Bonar 8 to 227p. Lodge Care advanced 15 late to

de-rating of British & Com-monwealth (B&C) could be largely over brought a wel-come change of direction for the shares. Activity expanded markedly on recent levels to register volume of 4.3m shares. with the price rallying 9 to 221p, Smith New Court follows up a recent detailed review of B&C with the comment, "the group is now attractive to medium term investors who can take advantage of the gen-

| State | Stat Polly Peck dipped when relatively light selling unsettled marketmakers, causing many to cut their book positions, Two vague rumours developed shortly afterwards, the first heing that the current year tax

charge would be higher than previously expected. The second concerned speculation of the group's impending involvement in a court case, but no details were offered. The shares closed 9 down at 315p. Melville Group, formed five years ago following a demerger from the John Lelliott group, began first-time dealings in good style. Opening at the recent placing price level of 120p, the shares progressed in thir trading to close at 128p. Cithorp Scrimgeour Vickers believes great potential exists. believes great potential exists for the exhibition contracting-to-building services group in

Europe and forecasts 1989 profits of £6.75m against the £4.45m reported this year.

Activity on the traded options market was again well above the average of post-crash months, reaching 40,967 coutracts, made up of 28,646 calls and 12,321 puts. Turnover in Lonrho accounted for a sixth of all trading, and comprised 5,227 calls and 1,792 puts, in its total of 7,019 contracts. Scottish & Newcastle Breweries made its debut, under the restricted life trading scheme, with 3,541 contracts traded. consisting of 2,261 calls and 1.280 puts.

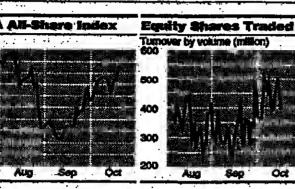
Other market statistics, including FT-Actuaries Traded Options, Page 33

NATURE OF BUSINESS

Business almost came to a

vinced that an announce on the situation could not be long delayed; one suggestion

FT-A Alf-Share Index



den interest to short covering by marketmakers — "and a solid burst of typical pass-the-parcel activity". Analysts said Plessey shares had been "catching up with the market and attracting significant buy-ing ahead of the interim fig-ures scheduled for November 17". Pre-tax profits are expected to come out around the £78m mark compared with last

time's \$68.2m. GEC, according to analysis, is thought to be considering disposals as well as acquisitions and is said to have been having private meetings with major institutions.

In the background to the large share trades in both stocks were old market stories that GEC will eventually return with another bid for Plessey. There was also talk that a substantial increases in UK and NATO defence spending could be on the cards.

Meyer see-saw

bid arbitrageur, disclosed that he had sold his 4.75 per cent stake in the marketplace, leav-ing the market to guess wildly at the ultimate destination of Builders merchants group Meyer International, which last week lost out in the bid As several very large share deals, ranging to one of 5m. bettle for control of Travis & Arnold, found itself temporarily in the spotlight after Svenslac Cellulosa of Sweden said it
was about to reveal an oversees acquistion. Mayer shares
apurted to 407p before lister
news from Sweden disclosed
that Lenska had merely taken
a majority stake in Lankinche. shares, were reported on the trading screens, the market did not rule out a dawn raid as. soon as dealing starts today. At present market prices, Loncho is valued at about £1.85m. a majority stake in Laakircha, an Austriau group. This news saw Meyer sold down to Plessey and GEC caught the eye in a generally animated electronics sector. Plessey raced up to touch 175p before 401%p. However, at this level, the shares were still a net 10% higher on the day, with the help of a bullish note issued by rapidly during the morning before petering out in the after-

The BZW hydlding team says, "Our conclusion is that disappointment with Meyer's

strategy and thoughts about competition will focus investors' minds on the group's ridiculously low rating - 6.6 times March 1989 earnings -when the take out multiple of Meyer's unsuccessful bid for Travis is seen to be 14.5 times".

International stocks were described by one dealer as "firm but quiet", with some of the leading issues recording good turnovers. ICI saw 1.6m sheres change hands and rose 3 to 1045p, after 1050p as inves-tors showed mild interest ahead of the third quarter figures scheduled for next week. Warburg Securities is forecasting £1.12bm for the first nine months.

Fiscus rose. 7% to 263%p in heavy trade of 6.3m shares. Dealers said the stock has been dull since the Pennwalt acquisition, but was lifted yesterday by a short position in the manket as well as by conflicting rumours about US approval for its aerosol pentamidine drug.

Erratic trends in crude oil prices after the weekend meet-ing of Gulf countries and alpead of tomorrow's meeting of OPEC's Pricing and Strategy Committee, led to plenty of action in the oil sector which, although displaying a majority of only narrow movements, "still retains a firm under-tone," said one dealer.

Combined tanover in both-classes of BP - little changed at the close - approached am shares, while some 1.7m Shall changed hands and 4.3m British Gos ahead of the imminent Monopolies Commission report. Prices however were barely changed.

Lloyds remained one of the diggest trading stocks in the banks sector with 4.5m shares changing hands. Up to 327p at

NEW HIGHS AND LOWS FOR 1988

HERE HEGHS (7G).
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60VF, STLO, BRUDES (1) Ind Mor. 16-2pc
2016, FORESON SONDS (7) Instend 14-2
2016, AMERICANS (1) Inspired Corp. Am.,
BANKES (9) Allied Irish, Joseph Cao). TSS
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Whitey, Do. 5.15pc Pt., Baccellan-Grinines,
SMLDBAGS (9) Corp., Copene (F.), Etch.,
Martey, Saveried-Reeve, CEENICALS.
783-81cz. Chemony Int"., Hosciest 456. (ii) Ericovon (I. M.), WITL instruments Grp., Prestwick 7.25pc Pt. (ExclassEssink) (ii) A. Colves, Cook (Wro), POCOS (ii) Appleby. Westward Grp., Booker, Cilliond's Dairles, Everest Foods, Food that, 1677ELS (i) Junys Folial, BEDESTRALE (12) Avoid, Boot 61.), BOYSSET, Charth Vap. Ph., Electrotac, Hughes (HT), Johnson Cleanwis, Lodge Carle, Macharless Gro., Ref. Graz. 22, Ganain (1) Capital Facto, MEMOPAPPER (2) Association Green L.C., PAPERS (2) Norton Open, United Michael, PROPERTY DE Allied London, Trafford Park, SHEPPERS (1) Gotess, TRUETS (8) Cregion Cores, Edinburgh, Papelsever Inc., Gerpum Senal Inv., Marchanto Tat, Overnana Inv. Tut. Verrith, River Plate Zero Div. Pl., Spot. East. Inv., apple Edinburgh.

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Mountleigh property group may launch a bid following its disposal of a 2317m portfolio. LOGOOT CARN. (7) LOWS (21). (NEW LOWS (21). (ARTH LOWS (21). (ARTHURADA (1) Geodorne Their, MAINCE CARNADADOS (1) Geodorne Their, MAINCE CARNADADOS (1) NOSA. FLECTRICALS (2) Peedback, intes Grp. (ARTHURADADOS (1) Modification (Dealers expressed considerable Septicism. Sears rose 1% to 137p (5.7m shares changed hands), while Ratners continued to improve following the recent rights

issue and gained 4 to 199p. Although overshadowed by **APPOINTMENTS**

Guinness Mahon

directors Mr Anthony Allen and Mrs Sally Goodsell in the banking division and Mr Alan Hall and Mr Peter Hill in the treasury division have been appointed directors of GUINNESS MAHON & CO. Mr Michael Lindsay in the banking division has become an stant director.

RAPID RECALL has appointed Mr Frank Kemp. formerly IBM's distribution marketing's dealer sales manager for the south of England, as its marketing

TUNSTALL TELECOM has appointed Mr Malcolm Shaw as contracts director. He will be responsible for the organisation, planning and management of Tunstall Telecom's installation and service departments.

ADVANCED ROBOTICS RESEARCH has elected Mr Phil Robson, deputy managing director of Taylor Hitec, as chairman of the board.

Mr Jorge F. Rojas has become director of finance at SEDDON ATKINSON VEHICLES, Oldham.

Mr Robert Evans has been appointed full-time chief executive of SYSTEMS RELIABILITY HOLDINGS. He joins from Hillsdown



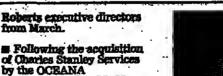
Sir Gordon Brunton has become chairman of INGER-SOLL PUBLICATIONS. Sir Gordon, chairman of Marcury Communications, was chief executive of International Thomson for 16 years.

Holdings, where he has worked for over 10 years.

Mr Speaki Takabatake is joining the board of AMERSHAM INTERNATIONAL on November 1. He is chairman and managing director of Hightrex.

Mr Patrick Donovan has been appointed director of marketing at TEXAS HOMECARE. He was managing director of the Media Group, a subsidiary of Hilton Advertising.

The NATIONAL FREIGHT CONSORTIUM is making Mr B.K. Burns and Mr G.S.



CONSOLIDATED CO. Mr appointed a director of Oceana Mr Nicholas B. Dillon has also en appointed to the board. He is the director responsible for corporate finance activities : at Oceena Asset Managenment, Mr L.P. Mather has retired.

INTER FFT, the interior fittings and refurbishment company, has appointed Mr Alec Benham its managing director. Mr Chiff Lockwood has been promoted to contracts director. Mr Toss Higgins has joined the board of Inter Fit's arent, Emson Group.

m HELMSMAN LOCKERS has appointed Mr David Green joint managing director with company chairman Mr Geoffrey Green.

Mr Andrew Ladds has become business development director at ANGLIA OILS. He was general manager of Pauls Cereals of Hull.

Mr Michael J. Hollingbery has been appointed a non-executive director of HEWETSON. He is a director of Woolworth Holdings and Wilson Connolly (Holdings).

Mr J.S. Kerridge, chairman and chief executive of Fisons, and Mr N. Talbot Rice. managing director of Sumit,

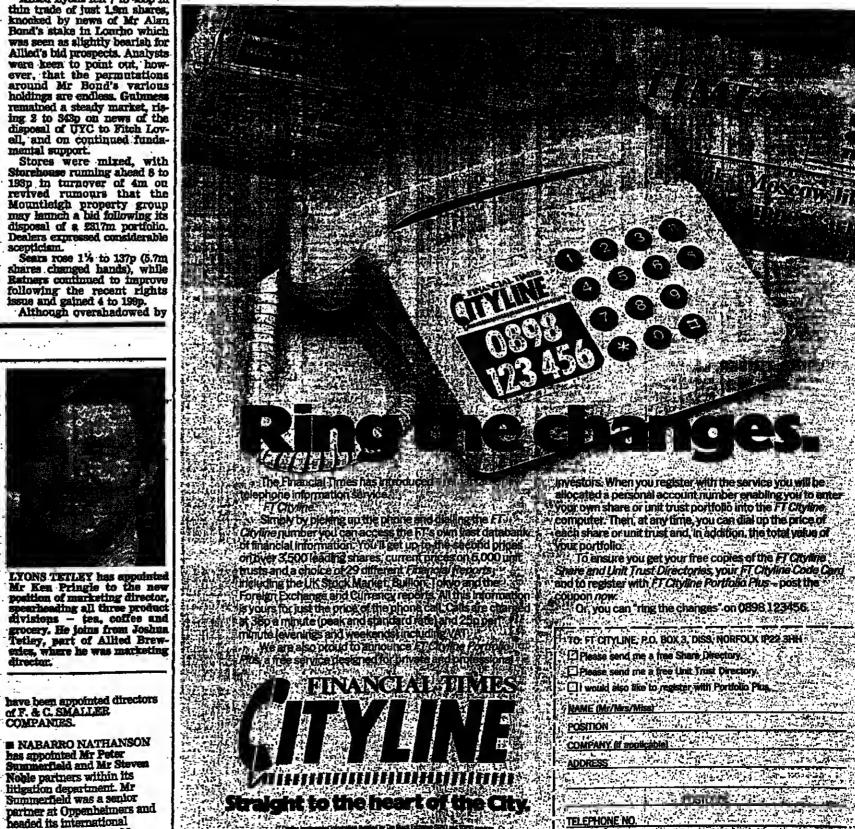


LYONS TETLEY has appointed Mr Ken Pringle to the new spearheading all three product divisions - tea, coffee and grocery. He joins from Joshua Tetley, part of Allied Brew-eries, where he was marketing

have been appointed directors of F. & C. SMALLER COMPANIES.

NABARRO NATHANSON has appointed Mr Peter Summerfield and Mr Steven Noble partners within its litigation department. Mr Summerfield was a senior partner at Oppenheimers and headed its international litigation department. Mr Noble was an associate at Oppenheimers.

Mr J.K.S. Morgan has become a non-executive director of ARGYLE TRUST.



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CAP reform drive cuts across Anglo-French rivalry

Nallet seeks flexible farm policies

Bridget Bloom talks to France's technocratic Agriculture Minister

By Bridget Bloom, Agriculture Correspondent

MR JOHN MacGregor, Britain's Minister of Agriculture, will today meet his French counterpart, Mr Henri Nallet, amid signs that Britsin and France may be closer than they have ever been on key issues of agricultural policy.

The meeting is described as an informal bilateral discussion. It will take place in London, will last for several hours, including dinner, and will have a broad based

Discussions are expected to range over issues as varied as

"I MUST seem rather liberal to

you for a socialist minister. Mr Henri Nallet, the French

Minister of Agriculture since

the Socialist administration was formed last summer, spoke wryly, having several times underlined his belief that it

was up to French farmers and the country's food processors, rather than the Government,

to ensure the health of the

ularly about the need for

farmers and processors to

show initiative in seeking new markets and new opportuni-ties. "There are of course

certain measures which the

Government can take to improve the climate for busi-

ness. But these must be sec-

endary. It is the responsibility

of industry to improve the marketing of their prodocts and this - rather than the actual production of food - is our weakness now." he

The Minister, who also held the job briefly in the mid-1980s.

gives the impression of being a

technocratic rather than an

overtiy political minister. The word his officials use about

him is coime. In an interview

at the weekend in his home

town of Tonnerre, near the

wine-growing remoo of Cha-

blis, the remark about the role

of industry and government was one of many indicating a markedly more liberal approach to farm policy than

mest of his predecessors. He attributes France's con-

version to what he calls the British view of the need for

farm reform in Europe to spiralling form expenditure in the

mid-1350s. "We might cot have

liked the way Mrs Thatcher

went about telling us how costly the CAP was" Mr Nallet

says, "but she made a legiti-

mate point. We had to curb

spending, or risk the budget

expleding." It was also impor-

tant internationally that the

CAP become more market ori-

However, if France now

accepts the need for reform, Mr Nallet believes it poses a

ented, he added.

SPOT MARKETS

Crude of (per harrel FOB)

Mr Nallet was talking partic-

the current review of the once contentious sheepment regime

which grew out of an
Anglo-French "lamb-war" and the future of rural society against the background of the declining importance of agriculture in European econo-

The two ministers are also expected to address the continuing reform of the Euro-pean Community's common agricultural policy as well as the current negotiations within the General Agreement on Tariffs and Trade, in which

dilemma for the country. Northern and much of eastern

France is rich agriculturally and can readily compete with EC and foreign producers, he says. But in much of southern

and western France the

reforms, bringing lower prices for farmers, threaten to accel-erate an already marked exo-dus from the land.

France has some 800,000 farmers, about 7 per cent of the

active working population (compared with Britain's

220,000 farmers, comprising under 2 per cent of the work-ing population). More than balf this number are over 50 and

around 160,000 are over 65. Mr

Nallet estimates that 300,000

will leave the land in the next

ten years; others put the figure

considerably higher.

"We could be completely
Anglo-Saxon about the problem and leave the solution

entirely to market forces," Mr

Nallet says. But he adds that

France cannot afford, for eco-

nomic as much as social rea-sons, to allow this to happen.

Instead he sees the develop-

ment of much more flexible

policies within the EC which

will allow different solutions to be applied in different regions of the Community, as well as

Over the longer term, "those who can be competitive, should be, with public aid being rarely given," be says. In these areas

the agricultural industry must

develop new markets,and

broaden the range of products

processed... "it is ridiculous than we should be the Commu-

nity's premier exporter of cereals yet be net importers of

In the poorer areas, Mr

Nallet wants to see a package of measures from which member states can choose and

which, he believes, should be

paid for in great part by mem-

ber states, rather than from

the EC budget. The measures

would range from those now

underway, like the promotion

of less intensive farming, spe-

cial payments for less favoured

areas and the extention of the

wine industry's appellation

Previous High/Low

777

COCOA E/tonne

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within member states.

agriculture has assumed increasing prominence.

Britain has been a leading advocate of reform of the CAP, both on grounds of cost and because it distorts interns-

tional markets.
As Mr MacGregor told the Conservative Party conference last week. Britain has long argued that stability for farmers in the 1990s could only come if "surpluses were brought under control, effec-tive indigetary discipline in the CAP established and the CAP reformed to allow a

Henri Nallet: His officials

controllée system to boost the quality of other products, to those which would promote

the formation of bigger, more

extensive farms in the depopu-

lated rural areas.

Among the specific measures he would encourage to revital-

ise farming in these areas Mr

Nallet lists foreign immigra-

tion, particularly after the creation of the single market, due in 1992. France has welcomed foreigners in the

past - many Dutch and Belgian

farmers came after the second world war, while the Dordogne,

for example, took in farmers who left Algeria in the 1950s.

mation of bigger farms in some

departments I would like to

invite Scots farmers to come -

their great savoir fairs in such

extensive farming could greatly help us," he says. For the future, his message

is not that the CAP should dis-

appear - he clearly believes in

continued protection for key areas - but that it should

become less oriented towards

support for production, more

respects, more flexible and simpler. Mr Nallet also believes

that the future of many rural

areas will depend not simply

on agriculture, as in the past,

but on measures designed to

improve the rural economy as

key

market-oriented in

"If we can encourage the for-

greater role for market For many years, Britain's

perception was that France represented the biggest obstacle to such reforms, since in a sense it was France which originated the CAP 36 years ago and was felt to have most

ago and was felt to have most to gain from it.

That perception has changed substantially in the last year, however, as British and French ministers have found themselves increasingly often on the same side in farm negotiations in Brussels.

cation by the European Com-mission in July of a report known as Le Monde Rurale is a

helpful start to developing these concepts. "I want a completely open debate on this issue within France," Mr Nallet says, adding that he is plan-

ning to appoint a special com-mission designed to examine

ways of making the often rigid French laws relating to farm-

ing more relevant to today's problems.
As for France's attitude to

the current GATT talks, Mr

Nallet says the critical ques-

tion is what the US actually

intends to do - rather than what it says. Washington's call for the abolition of all farm

subsidies within ten years is

Negotiations should be bal-

anced: it is not good enough, for example, for the US to call for the abolition of export sub-sidies on farm produce without at the same time accepting

that its internal barriers, like

the health regulations which

have prevented exports of French cheese to the US, must

the British in believing that

markets can be determined by price alone," Mr Nallet says. But neither does he want to

see world markets so organised

by the industrialised countries that they totally undermine the economies of less devel-

oped countries. He described the EC's sale to Latin America in 1986 of heef

"at a dollar a kilo" as an "eco-nomic absurdity" as well as

very bad politics. He asked:

How can we possibly try to deal credibly with the debt problems of such countries

when we undermine their

economies in such a way? Mr Nallet declared that he

was relatively optimistic that

the GATT negotiations would result in freer world trade, just

as he believed that on the more

perochial matter of the sheep

meat regime, Britain and France would be able to agree

on an acceptable solution.

"I do not go all the way with

also be removed.

quite unrealistic, Mr Nallet

Brazil oil exploration ban sparks UK warning

By Karen Fossil in Rio de

BRAZIL'S RECENT ban on BRAZIL'S RECENT wan on foreign oil exploration in its territory provoked its first public retaliation this week when Mr Peter Morrison, the UK oil minister, warned that Brazilian access to the North Sea would be prevented.

Specime at an interrustional

Speaking at an international oil conference in Rio de Janeiro this week, Mr Morrison said that concessions would have to be made if the Branlian state oil company, Petrobras, wished to be considered in the coming 11th UK offshore licensing round.
There has to be reciprocity.

which under their current constitution seems difficult to achieve, he said, prior to a meeting with counterpart Mr Aureliano Chaves yesterday. The UR's move confirmed fears expressed by senior Petrobras officials, that a constitutional ban on all foreign oil risk contracting ratified by the Brazilian Congress this month, would

congress this month, would provoke retalistion.
Under the leadership of Col
Ozires Silva, Petrobras had been seeking to become a major freely operating player in the world's energy business. in spite of pressure from Brenitan Nationalists to concentrate its activities within

the country.

Braspetro, its international subsidiary, had established an office last autumn in Norway, where it won stakes in two licences. There were also plans to open a subsidiary in London to handle oil trading and explo-

ration activities.

However, Col Silva was dismissed as chief executive last June after a row with Brasilia over pay policy for the company staff. Behind the dismissal was mounting disquest in some government circles as to the company's growing independence and internation-

Currently Texaco and Pecten, a Shell subsidiary, are exploring for oil in Braul but they will not have their licences renewed when their contracts expire. Mr Wagner Freire, a Petro-

bras director, last week expressed the fear that Branl's new constitution would adversely affect the future of the company. Earlier this year foreign oil

companies threatened to withdraw from Brazil if another constitutional clause threatened to restrict petrol distribution to majority Brazil ian-owned companies. While this fell the ban on oil

6.70 (6.30-6.70). COBALT: European free market, 99.5 per ceut, \$ per lb, in warehouse, 7.00-7.25 (same). MERCURY: European free risk contracting and on minerals exploration by foreign groups was imple-

Tokyo treads warily on bullion trading

By Staten Wagetyl in Tokyo TOKYO'S AMBITIONS to

develop into an international gold trading centre take a modest step forward today modest step forward today with the opening of a market in warehouse receipts for gold.

The Tokyn Commodity Exchange for Industry which is launching the new market hopes that it will eventually lead to the creation of a fully-fedged Tokyo bullion market. The exchange has traded precious metals futures since 1982. But its hopes of diversitying rapidly into buildon were hit severely by the 1966 Toyota Shoji scandal in which a gold trading company went hank-rupt with debts of Y200bn

Since then, the Ministry of international Trade and Industry, which supervises commod-ity trading, has a come even more cautious all it relaxing rules, for fear attracting speculative investors to the indica markets. However, a recognition of Japan's growing importance as a gold importer has persuaded the ministry of

a need to allow an interna-

tional trading centre to develop. Earlier this year, the authorse announced plans to admit foreign members from next year.

However, the trading of warehouse receipts is unlikely to have a hig impact. The instruments are cartificates of ownership of gold hild by a trustee, usually a bank. As such they may not be very liquid - a prime consideration for investors pains the sold for investors using the gold

Nevertheless, the exchange is likely to do its best in the hope of one day persuading MITI to drop its opposition to fully-fledged builton trading. Some brokers believe that might come in the next two or three years, given the continuing increase in the buy-ing of gold for investment in

Japan.

The World Gold Council, a gold promotion group, forecasts that Japanese investment. demand for gold could be 200 tounes this year, 50 per cent more than in 1987.

Brazilian gold mine on stream from next year

By John Barham in Sao Paulo BRAZIL'S LARGEST mining company, Companhia Vale do Rio Doce, has said that it will begin production at an important new gold mine next

The mine is part of the company's \$250m strategy to become a major gold producer. The ignupe Bakiz mine has reserves of 65 tens of gold and should come on stream by mid-1989, according to Mr Domingus Druminus rectals. company's precious metals

He said initial production was expected to be 100 kg a year, rising to 2 tons a year by 1961. The mine, the company's second largest, is located in its

market, min. 99.99 per cent, \$ per lb. tonne lots in warehouse,

CADMIUM: European free

5.70-6.70 (6.30-6.70), sticks 5.70-

er ih in warehouse, in

(2,170-2.200)

5.65-5.95 (5.80-6.00).

vast Carajas project in the Southeast Amszon area. Last month CVRD began operations at its largest gold mine, Fazencia Brasileiro in the Northeast of Brazil, Initial output there will be 2 tons a

year, intreasing to 5 tons amountly within three years. It plans to produce more than 12 tons of gold a year by 1983, which would make it the largest gold producer in South America.
Lest year Brazil produced 84 tens of gold, 34 per cent more than in 1987. Independent

prospectors; known as garimpeiros, accounted for about 70 per cent of the production total. Welfington

All prices as supplied by Metal Boiletin (last week's prices in brackets). merket, min. 98.98 per csnt, \$ per 76 lb finsk, in warehouse, 290-208 (816-225).

WEEKLY METALS

MOLTHDENDIC European free market, drummed melyt-dic cuide, 5 per 16 Ma, in ward-boure, 348-352 (manu). SELENGIM: European free ANTIMONY: European free market 99.6 per cent, 5 per toune, in warehouse, 2,145-2,160 BISMUTH: European free

market, min 99.5 per cent, \$ per the in warehouse, 2.15-0.50 Here births is also down.
TUNGSTEN ORE: Emitpoint in the South Island a severe three market, standard with the drought and a devastating hupper cent. I per tonne with the drought and a devastating hupper cent. I per tonne with the drought and a devastating hupper cent. market, min. 99.5 per cent, \$ VANADIUM: European heet market, min. 98 per dent, 70, cif. 5.98-20 (same). UEANIUM: Muexco

exchange value, \$ per B. DO,

Locust **swarms** arrive in Caribbean

By Camule James in Kingston

AFRICAN LOCUSTS, for centuries the scourge of the continent's agriculture, have arrived in the Caribbean Gov-ernment officials in the eastern Caribbean archipelago say the locusts were found in five

islands over last weekend. The locusts travelled across the Atlantic on high winds of several storms which have formed in the ocean and entered the Caribbean in the past three months, Having reached the Caribbean, the locusts will be able to island-hop and threaten the US and central and South America, according to plant protection

The swarms of locusts have been seen so far in Barbados, St Lucia, Dominica, Grenada and St Vincent. "They appear to be eating all before them," said one St Lucian plant protection officer. Officials in agri-entium ministries in several islands have worned that the locusts will sittack sugar care plants, com and other grasses. There is yet no indication of what the governments of the islands will do to deal with the threat from the locust to a region where agriculture is a major pillar of the economy,

gross domestic product in Dominica, 22 per cent in Gren-ada and 14 per cent and 17 per-cent in St Lucia and St Vingent, respectively. One government official says some governments are plan-aing to seek help from the United Nations Pood and Agri-

eccounting for 28 per cent of

NZ lamb crop at 10-year low By Dal Hayward in

culture Organisation.

NEW ZEALAND will have fewer lambs to export to world

markets this season.

The trop will be down at least 1.7m, or 3.6 per cent, on last season at 44.5m head. That is Sm below the 1984 neak and the lowest annual lamb production for 10 years. The continuing decline has been caused by farmers absorping from meet to wool production and having fewer sees mated. The percentage of the births is also down.

the weekend will affect lamb growth and production. Last season 28.2m lambs were killed for export. This

season the kill could be as low

26.26m.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices rallied late in the afternoon as prices rose sharply in New York, where rumours were circulating that the projected French inancial aid package for the Ivory Coast would remove 400,000 tonnes of cocoa from the market. Market operators still needed firm details on he tvorian pact before committing themselves too heavily, but were prepared to co with the current trend. dealers said. Coffee prices were also ahead following chart-inspired opening gains in New York. On the LME, base metal prices turned downwards. Zinc saw a sell-off in morning trading before the sound fundamentals reasserted themselves. Peruvian mining union claims that the strike which started on Monday was already effecting 80 per cent of national production helped to underpin recen

Cubal Brent Blend	\$11,00-1.10x \$12,83-2.92z	
W.T.L (1 pm ost)	\$14.66-4.69z	-0.54
Oll products (NWE prompt delivery per	tonne CIF)	
Premium Gasoline	\$170-174	+ or -
Gas Oil	\$120-121	-3
Hoavy Fuel Oil	\$53-65	-2
Naphtha Petroleum Argus Estimates	\$135-137	-1
Other		+ or -
Gold (per tray oz)	\$411.75 638z	-0.50 -5
Platinum (per troy oz)	\$540.25	
Palladium (per troy oz)	\$123.25	
Aluminium (free market)	\$2247.5	-65
Copper (US Producer)	13452-141G	_
Lead (US Producer)	39c	
Nickel (free market) Tin (European free market)	530c	-20 +12.5
Tin (Kuala Lumpur market)		+0.06
Tin (New York)	343.5¢	+1.0
Zinc (Euro. Prod. Price)	\$1437.5	+87.5
Zinc (US Prime Western)	69%c	
Cattle (livo weight)†	108.509	-0.12*
Sheep (dead weight)† Pigs (live weight)†	139.28p 73.20p	-4.19°
		+2.10
London daily sugar (raw)	\$265.6w	+5.8
London daily sugar (white) Tate and Lylo export price	\$263.0w £251.0	+1.6
		+4.5
Barley (English feed) Maize (US No. 3 yellow)	£111v £126.5v	
Wheat (US Dark Northern)	£120.5v	+1.0
Rubber (2001)♥ Rubber (Nov)♥	57.00p 63.25p	+1.50 +1.75
Rubber (Dec) *	63.750	+1.75 +1.75
Rubber (KL ASS No 1 Nov.)		+10
Coconut oil (Philippines)\$	\$552.5u	
Paim Oil (Malayslan)§	\$435v	
Copra (Philippines)§	\$380	
Soyabeans (US)	\$193	+2.5
Cotion "A" Index	58.30e	-0.16
Wooltops (64s Super)	672p	

E a tonne unless otherwise stated, p-penceftg. c-centerfb, r-ringgizing z-Nov, x-Dec, x-Nov/Dec, x-Oct/Dec, u-Oct/Nov IMest Commission aver-

age latstock prices, * change from a week ago. **London physical market. \$CiF Romardam, **
Bultion market close, m-Malaysian cants/kg.

1120 + 01 -SUGAR (\$ per tonne) Close Previous High/Low 230.00 231.60 220.40 223.40 215.20 219.00 211.60 214.20 219.00 212.00 Close Previous High/Low 262.00 264.00 264.00 256.00 252.50 256.00 262.50 256.00 251.50 254.30 GAS OF Stonne Close 120.50 122.50 123.75 123.25 125.50 125.76 127.25 122.50 119.25 124.50 121.25 125.00 122.25 122.75 121.00 122,00 120,00 115,50 118.60 GRAINS Effonds Wheat Close Previous High/Low

801 765 797 766 805 776 816 796 812 808 795 795 804 813 827 870 880 781 780 803 819 859 875 **686 866** Dec. 21 Turnover: 5032 (3842) lots of 10 tonnes ICCO indicator priose. (80Ps per tonne). Daily price for Oct 17: 995.22 (965.66) :10 day average for Oct 18: 974.48 (607.17). 1860-2 1570-1 1540-90 COFFEE LINORING High/Low Close Previous Cesh 633-5 3 months 645-9 1144 1144 1134 1130 1133 1133 1133 1145 1136 1145 1130 1141 1124 1134 1127 1130 1125 1136 1134 Load (£ per tonne Mickel (5 per tonne) Turnover: 2745 (1087) lots of 5 toneses ICO indicator prices (US cents per pound) for Oct 13: Comp. delly 113.68 (112.67); . 15 day average 116.00 (115.02). 237.00 230.00 229.20 219.20 224.00 215.00 POTATOES Efforme 59.0 71.0 105.0 Close

118.00 115.50 105.95 109.50 112.50 107.00 110.10 173.06 106.85 105.90 106.85 108.40 112.80 112.50 115.30 115.90 115.55 115.30 Close Previous High/Low Barley 105.00 108.70 110.80 112.50 105.15 105.00 108.70 105.15 108.80 110.00 110.85 110.80 Wheat 701 (238) . Barley 227 (81) .

CHIDON BETAL EXCHANGE (Prices supplied by Amelgameted Metal Trading) AM Official Kerb close Open Interest Ring benover 15.025 more m, 98.7% parity (5 per tonne) 2310-20 15,534 tota 2235/2130 2145-8 Ring turnover 3,550 turne m.88.5% perty (C per ton 1310-20 1255-60 1210-20 opper, Grade A (£ per torine) Ring turbover 27,400 toene 1667-72 1676-7 1670/1665 1576/1568 1658-4 1577-9 63,737 lots Copper, Standard (C per Fing benover 0 tonne 1545-65 1545-65 1590-600 1560-60 35 lots Silver (US centerline ounce) Ring terrover 0 oza 639-40 657-3 435 lots Ring turnover 10,325 toons Cesh 371.5-2.5 3 months 374-4.5 370/360 377/372 369-9-5 10.215 fets Ring turnover 575 toole 10450-000 5.744 lots 10400-60 Ring turnover 22,375 tonne 1590-806 1464-7 1560/1565 1475/1425 17,025 lots LONDON BULLION MAJECET

Close Previous High/Low 58.0 69.0 92.3 94.5 92.5 Turnover 129 (133) lots of 40 tonnes. 178.00 177.50 183.50 183.00 179.50 178.00 184.00 183.50 r 62 (73) lots of 20 to HT FUTURES STORAGE point 1344 1338 1424 1416 1480 1473 1523 1507 1320 1319

C and I Dundee STC \$470, BWC \$480, BYD \$420, BWD \$430, c and I Antwerp BTC \$455, BWC \$445, BWD \$406, BTD \$415. COTTON
Liverpool-Spot and shipment sales for the week ended October 14 amounted to 225 tonnes against 150 tonnes in the previous wast. Fair operations occurred with dealings in west African, Soviet and Turksh

Gold (fine oz) \$ price Close 411 12-412
Opening 413.05
Morning fix 413.05
Altermoon fix 413.65
Day's high 413.455
Day's low 410 12-411 12 235-235¹2 236-1₄-237 1₄ 235,864 235,067 \$ price C equivalent 24112-24412 24112-24412 24112-24412 241-244 2241-2452 3512-55 3514-55 317-35-321.05 423-428 423-428 422-428 4211-414 961-9714 961-9714 562-85-682 DEFINE OF US cas separate 641,40 665,10 665,95 667,36 367.15 378.05

LOHDON METAL EXCHANGE TRADES OPTIONS Aluminium (99.7%) Nov Jan Nov Jan 121 63 25 148 31 107 73 75 138 Copper (Grade A) Calls Puts 2650

(35 215

US MARKETS

A SHARP DECLINE In crude oil prices kept most of the metals from vancing, reports Orexel Burnha Lambert. Copper was the most active metal as prices fell over 100 early on, but railied to close up 320. In the softs, sugar gained early as prices rose above the 10 cents level from heavy trade buying. Prices then stalled and the trade began to liquidate. The March contract closed down 19. Cocos gained 23 points as news of the Ivory Coast holding back cocoa initiated trade buying. Coffee was again quiet with light speculative short covering and producer selling seen. The grain markets were dominated by local and light commercial activity. Trading was two sided as prices fell slightly near the close. Wheat closed down over 7 in December, in cotton trading, prices fell over 100 as the speculator and hedge figures released indicated longs in the market. Most of the meet markets were lower as heavy commission house selling was leatured. In energy trading, crude oil prices sank over 50 cents as most traders await positive news about the upcoming OPEC meeting.

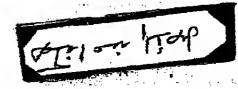
New York 412.2 413.4 415.5 420.7 425.9 431.1 486.5 442.1 447.7 412.6 0 417.0 427.0 425.4 431.5 0 441.5 446.0 535.0 540.0 540.0 546.0 554.0 SELVER 5,000 troy oz. centultroy oz. Previous High/Low Close 535.5 535.0 642.5 647.4 657.2 657.9 677.4 887.5 702.9 707.8 60,5 643,0 847,5 652,4 652,2 672,0 982,4 662,5 707,9 712,8 670.0 670.0 679.5 0 702.0 871.0 654.0 0 708.0 Close Previous High/Low 135.00 133.00 127.50 122.50 112.50 101.50 101.50 134.10 129.60 124.60 119.60 109.80 105.60 102.90 101.40 138.00 195.00 Oct Nov Dec Jan Mer May Jul Sep Dec 0 722.70 108.40 104.20 101.00 113.00 107.50 106.00

CRUDE OIL (Light) 42,000 US galls Stannel ... Latest Previous - High/Low. 14.58 14.14 13.89 13.78 13.85 13.90 14.17 14.45 14.45 14.45 14.41 14.45 14.57 14.85 13.80 13.71 13.85 13.85 14.17 14.42 14.25 14.20 14.20 14.20 14.33 HEATING OIL 42,000 US gate, centarUS galls Latest Previous Mobilian 4320 4355 4306 3920 3820 3775 4462 4496 4456, 4061 3667 3692 3672 3917 4320 4280 3900 3790 3750 3750 3750 Close Previous High/Low 1341 1301 1323 1535 1356 1390 1419 123.48 124.77 124.90 125.20 125.75 125.95 125.50 125.80 126.50 126.50 126.55 125.79 125.75 9.35 9.42 9.42 9.30 9.17 8.85 8.75 9.55 9.55 9.53 6.46 8.36 8.77 9.03 9.70 10.13 9.86 9.66 9.63 9.64 8.42 9.25 9.16 54.75 54.85 .54.45 84.45 85.30 0 Close Previous High/Low 176.50 172.50 171.15 169.10 163.70 174.90 171.15 169.10 168.10 164.25 164.25 (Base: September 18 1931 - 100) Oct 17 Oct 14 mnth ago yr ego

DOW JONES (Base: Dec. 31 1974 = 100)

134.93

Chicago SOYABEAKS 5,000 by min; cents/50to bushel Close Previous High/Low 805/4 817/6 826/5 826/4 823/6 811/0 816/8 829/0 836/0 837/4 833/0 616/0 804/0 817/0 825/0 827/4 823/0 816/0 756/0 724/0 622/6 631/4 632/0 627/0 013/0 24,02 24,36 24,52 25,10 25,49 25,70 25,62 25,70 24.40 24.76 25.02 25.60 25.60 25.60 25.95 25.95 Oct Des Jen Mar May Jul Aug Sep 24.00 24.00 25.10 25.10 25.00 25.00 25.00 25.00 24.23 24.50 25.02 SOYAMEAN MEAL 100 tons; \$700 High/Lot Close 258.5 261.8 258.0 258.0 254.0 244.0 233.0 265.0 262.5 High 25210 2554 2564 2567 2734 2500 #21/4 #2570 #0574 3067-37494 362/0 428/2 409/6 371/4 374/4 362/0 LIVE CATTLE 40,000 lbs; ou Oct Dec Feb Apr Jun Aug Sap LIVE NOGE 30,000 Ib; contains Previous High/Lon Oct Dec Feb Apr Jul Aug 32.55 45.70 44.05 48.00 48.00 47.56 39.90 43.10 46.47 46.47 46.62 49.32 48.35 39.97 43.02 46.07 44.40 48.35 49.07 1870,5 1839.9 1885.0 1681,5 48,77 49.25 51,02 51,77 50,25 47.90 49.05 49.52 51.25 51.95 50.82



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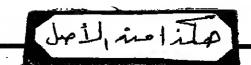
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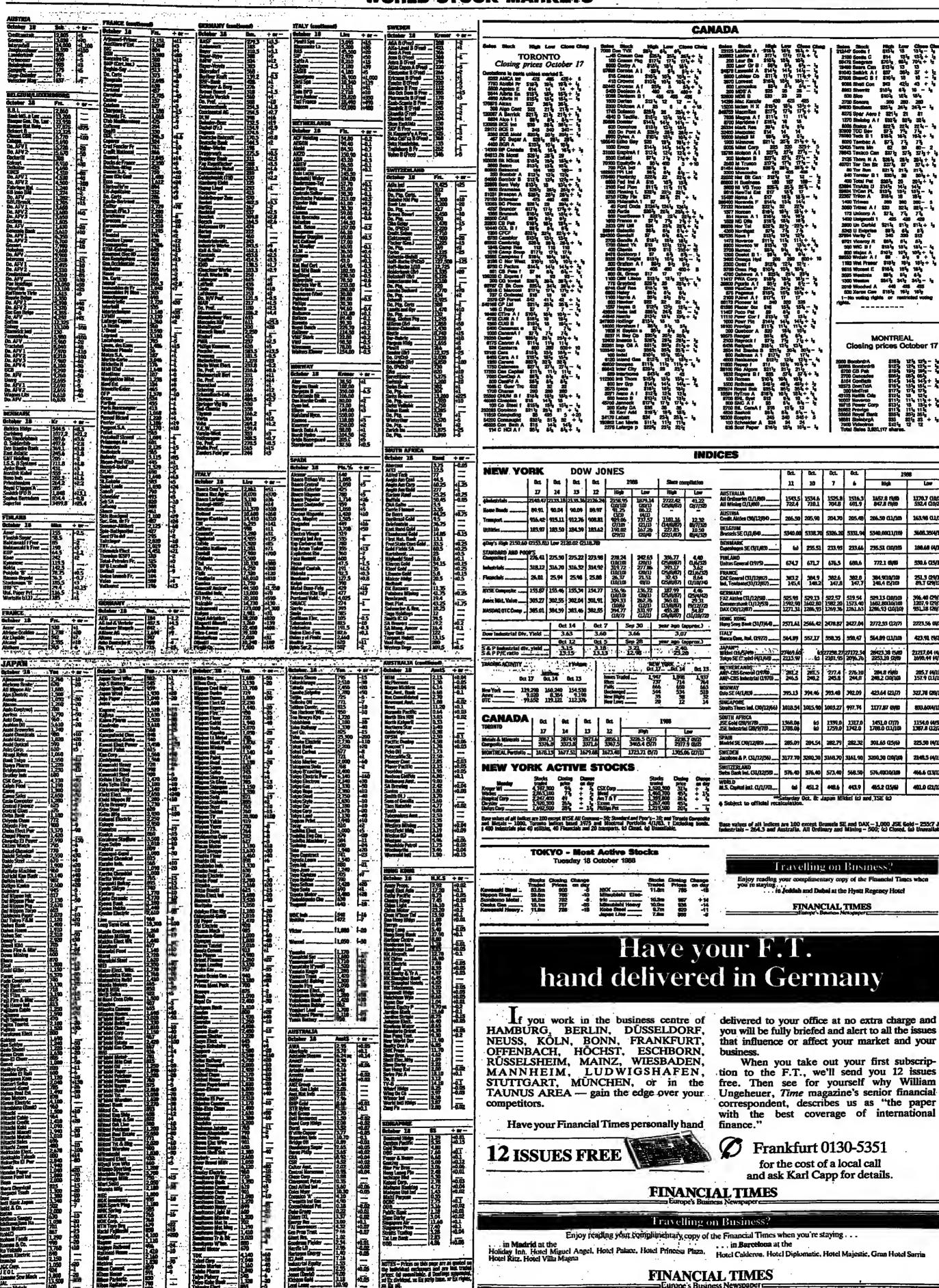
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Travelling on business in Germany?

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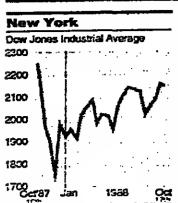
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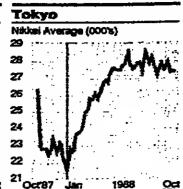
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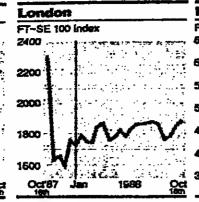
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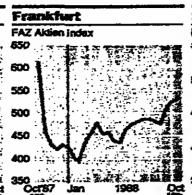
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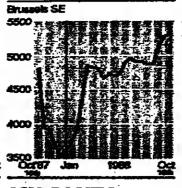
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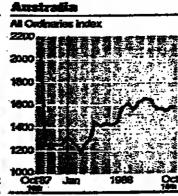


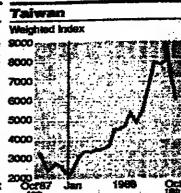


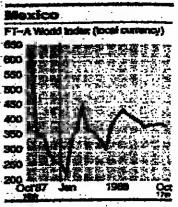












AMERICA

Bid speculation focuses on foods

Wall Street

FOLLOWING modest gains on Monday, equities traded again in a narrow ronge but the overall tendency was weaker, writes Janet Bush in New York. At 2pm, the Dow Jones Industrial Average stood 4.09 lower at 2,126.28 on moderate volume of 99m shares.

Oo Mooday, the equity mar-ket had appeared to track movements in bond prices and moved modestly higher as bonds registered small price

However, that was reversed yesterday and equities weakened marginally in line with small price losses in the Treasury market.

With no economic indicators due for release yesterday and no main figures to be released this week except for September consumer prices due on Friday. the focus of the market was on a clutch of third quarter earnings announcements and on news late on Monday that Philip Morris, the tobacco, food and drinks conglomerate, had offered \$90 a share or a total of \$11.5bn for Kraft, which specialises in cheeses but is also a producer of other foods.

The merger, if successful, would be the second largest ever after the \$13.3bn purchase of the Gulf Oil Corporation by Chevron four years ago and would create the largest con-sumer goods company in the

Philip Morris shares yester-day dropped \$5 to \$95 while Kraft sorged \$28% to stand at 383 at midsession

The mammoth scale of the Philip Morris bid prompted interest in other consumer goods and food companies and generally fuelled the rampant takeover speculation which has boosted many share price

in recent months. In the foods sector, Campbell Soup rose \$% to \$32%. Heinz gained \$% to \$47%. Hershey Foods was up \$% to \$26% and General Mills jumped \$1% to

While the fall in Philip Morris' shares dragged down the Dow Jones Industrial Average, other food and drinks stocks included in the average coun-terbalanced this effect.

Coca-Cola added \$% to \$42% and McDonalds was also np \$%

Among other featured stocks Warner-Lambert, the drugs company, plunged \$4% to \$72% after the Food and Drug Administration's advisory panel split its vote on whether the company would be allowed to expand the labelling of its anti- cholesteral drug Lopid to specify its use in preventing coronary heart disease.

TRW fell \$1% to \$45% as analysts reacted with disappointment to the company's third quarter earnings reported

Analysts were disappointed by the declines in the company's operating profit from the space and defence sector despite a rise in overall net income to \$1.12 a share from \$1.04 a year earlier.

Macmillan slipped \$1 to \$88% after a Delaware court refused to grant a preliminary injunction against a provision the buy-out agreement with Kohlberg, Kravis, Roberts which would allow the company to buy four Macmillan businesses if the merger were to fall through.

A number of companies announced their latest earnings yesterday.

Morgan Stanley Group added \$% to \$81% despite its report of sharply lower earnings per share of \$1.96 in the third quarter compared with \$2.82 a year

The share price was boosted by news that the investment bank plans to bny back another \$100m of its common

shares. Citicorp edged \$% higher to \$24% after the bank announced net earnings of \$1.13 a share in its third quarter compared with 71 cents a year ago. Time Inc jumped \$1% to

\$116% on news of net earnings of \$1.42 a share in the third quarter compared with \$1.24.

MCI Communications, the telecommunications company, added \$1 to \$22 over-the-counter trading after it announced sharply higher earnings per share in its third quarter of 38 cents compared with only 6 cents a share a

Canada

THE drop in the oil price hit energy stocks in Toronto, but this was largely offset by rising golds and base metal stocks. At midsession the composite index was 5.26 lower at 3,371.54 as the number of share falling ontnumbered those rising by

Turnover was light at 10.8m shares, with trading curtailed to some extent by the approach of the anniversary of the crash.

Among energy issues, imperial Oil class A lost C\$% to C\$50% and inter-City Gas declined C\$% to C\$22%.

Alcan Aluminium reported a doubling of third quarter prof-its and was actively traded, rising C\$14 to C\$37.

Among golds, Hemlo firmed C\$% to C\$13% and Corona Corp slipped C\$% to C\$9%. Class A shares of Molson,

which aunounced the appointment of Mr Marshall Coben as president, advanced C\$% to

Overseas demand boosts turnover

VOLUMES picked up in Paris. Frankfurt and Milan as foreign investors continued to snap up blue chips, especially the underperformers. The underperformers. approach of the anniversary of the crash today was on peoplc's minds, but appeared not to dissuade the bargain bunt-ers, urites Our Markets Staff. FRANKFURT was driven to

a new high for the year by strong demand for car stocks, which have largely underper-formed the market post-crash.

Daimler was sought by both foreign and domestic buyers, racing ahead by DM19 to DM732.50. BMW, which like Daimler has underperformed the FAZ index over the past 11 months, added DM12 to DM524. VW, which according to Phillips & Drew has outperformed the FAZ by about 12 per cent over the same period, rose 70 pfg to DM308.50, having climbed to DM312.

The session saw some profittaking in relatively active trad-ing, with demand focusing on blne chips. The DAX real-time index closed np 12.8 at a 1988 high of 1,295.79, having risen to 1,302.89, and the FAZ index was 6.66 higher at 534.69. Turn over in German shares climbed

to DM4.84bn worth of shares. PARIS had to cope with an electricity strike which interrupted business for over an hour in early trading, but equities finished higher, with the OMF 50 index up 2.45 at 394.09. The CAC General index

opened the session 2.3 weaker at 378.3. Total turnover remained on the weak side.

Figures In parent show number of s per grouping

Australia (91).

Austria (17).

Belgium (63). Canada (126).

Finland (26). France (130).

Italy (100).

Viexico (13).

Sweden (35)

Netherland (38).... New Zealand (26). Norway (25).... Singapore (26).

Europe (1013)...... Pacific Basin (681).

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Switzerland (56)..... United Kingdom (322).... USA (582)....

The % point rise in the intervention rate yesterday was generally welcomed by the market, which had feared a %

Metals group Vallourec, an underperforming issue, was one of the biggest movers. gaining FFr16.30 to FFr198.80. while engineering issue Dumer put on DM13.50 to DM196 as 87,000 shares changed hands.

recent strength as firm over-seas and local demand at the pushing prices ahead, said one London trader. The Comit

closed up 13.27 at 590.35.

SOUTH AFRICA

GOLD shares closed firmer as bullion traded just above \$411

Randfontein gained R5 to R275 but Vaal Reefs was R1 lower at R280. Diamond issue De Beers rose 75 cents to B44.25 and in platinums, Rus-

which were granted under a secondary offering by Ferruzzi.

in the market but, with much of the interim reporting season over, attention was turning again to currencies, interest rates and inflation, said analysts. Sentiment remained bullish, however, and foreign inter-

Bine chips were most in

MONDAY OCTOBER 17 1988

122.95 78.89 107.67 104.68 118.06 99.67 70.85 90.17 118.31 68.72 142.96 113.35 128.05 129.52 91.72 91.72 91.72 92.72 93.76 124.06 124.06 124.06 124.06 125.69

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackeszie & Co. Ltd. 1988
Latest prices were unavailable for this edition.

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US Dollar Index

144.96 93.02 126.94 123.42 139.20 117.28 101.47 83.53 106.31 139.50 81.03

168,44 133,64 150,97 107,56 72,94 116,39 117,34

146.27 127.93

164.94 143.44 113.38 95.69 122.88 142.41

130.49 131.07

130.94

point rise, said one analyst.

Speculative stories remained

est was strong. MILAN maintained its start of the new account sent shares to another new yearhigh. "People have been underweight in Milan recently and there is now a mass of money

tenburg rose R1.75 to R43.25 and Lydenburg R3 to R43.

demand, but Ferruzzi Finanziaria was a rare faller, losing L54 to L2,850 after Montedison sbareholders began selling their rights to bny Ferruzzi shares. The news that French group Paribas had bought 1.5 per cent of Ferruzzi failed to stop the sale of the rights,

> By the close the rights were trading at L17, well down on the opening price of L30. "If Montedison shareholders don't sell their rights they are locked into buying the shares. But with the market going the way it is investors can see

plenty of safer, more attractive stocks than Ferrnzzi," explained one analyst. ZURICH had another uninspiring day, with shares sup-ported by the firmer dollar but sentiment slightly unsettled before today's first anniversary of the 1987 crash. The Credit Suisse general index closed

unchanged at 494.5. The market managed to ignore a forecast from a former Union Bank of Switzerland chief economist that the Swiss market will lose 20 per cent of its value before the start of next year. However, the forecast did not depress sentiment, as was feared, and UBS quickly moved to disassociate itself

from the analysis. Hoffmann-La Roche came under pressure before the start of trading because of contro-versy over its US anaesthetic drug Versed. The market was worried by the news that a congressional committee had

FRIDAY OCTOBER 14 1988

107.10 104.03 116.38 99.02 86.68 70.59 89.69 116.96 67.37 142.09 1128.09 90.67 61.13 97.77 98.50 91.83 122.80 108.21 68.61 113.96 94.96

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Currency

117.72 86.99 120.16 107.63 131.27 105.89 199.68 78.81 106.60 132.61 80.54 135.25 137.09 379.04 61.32 105.61 108.70 96.08 132.31 118.47 77.10 1113.51

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172.26 147.53 114.16 95.69 128.27 146.49 131.77 132.39 112.98

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., In conjunction with the Institute of Actuaries and the Faculty of Actuaries

Currency Index

119.07

87.54 120.64 137.64 132.19 105.34 78.67 106.61 133.26 81.69 135.49 137.86 377.08 100.24 61.84 105.73 109.73 171.99 76.97 115.89

100.30

133.51 120.17 112.52 91.19 108.78 119.63

117.48 117.38 108.16

117.25

Gross Div. Yield

4.11 2.42 4.23 2.27 1.58 3.246 4.73 5.746 4.746 5.74

3.69 0.76 1.68 3.52 2.97 4.31 1.75

2.10 2.31 3.62

143.55 92.26 126.88 123.25 137.88

117.31

102.70 83.64 106.27 138.56 79.82 168.34

151.75 107.42 72.43 115.83 116.70 108.79 145.48 128.20 81.28 135.02 112.51

110.83 164.79 143.23 113.07 95.69 122.08 142.20

130.29 130.83

2.33 | 130.69

criticised Roche for failing to report important safety information about the drug before it was approved. However, the story appeared to have little impact on investors and Roche closed unchanged at SFr12.750.

AMSTERDAM closed steady fter a quiet session with only the strength of the dollar against the guilder to cheer sentiment. By the close the CBS all-share index was unchanged at 100.2.

up Fl 7 at Fl 331 as takeover speculation persisted. On Mon-day Verkade issued about 670,000 preference shares as adefence against a possible hostile bid.

STOCKHOLM closed slightly lower on profit-taking. There was some brisk trading and turnover reached SKr265m worth of shares. SCA, the forestry group, was suspended in the morning and later revealed that it had acquired a majority stake in Laakirchen, the Austrian paper and hygiene prod-

ucts company. BRUSSELS had a thin session with shares narrowly mixed in the absence of any fresh factors. Wagon-Lits, the tourism group facing specula-tive interest, closed BFr40 lower at BFr6,610 after recent strong gains, with 51,000 shares changing hands in the session and further interest seen off-

MADRID managed to shake off worse-than-expected inflation figures for last month and the general index climbed 0.93 to 285.63.

DOLLAR INDEX

90.07 95.23 64.42 98.55 97.99 98.26 130.73 96.92 74.13 120.66 99.19

97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26

Year ago (approx)

158.58 100.84 108.80 115.10 118.50

92.79 92.03 133.50 145.37 90.37 147.93 352.93 105.52 124.28 142.78 192.64 162.01 124.02 95.78 143.68 92.83

116.57 147.70 135.29 94.04 99.71 145.49 135.32 116.44 118.40 104.98

other language.

New NTT sale spurs profit-taking

A CONTINUING lack of enthusiasm kept trading volume low-in a market dominated largely by profit-taking, swites Michigo Nakamoto in Tokyo. The Nikkei swerage finctu-

ated throughout the day on a generally downward path and closed 126.76 lower at 27,141.98. The high of the day was at 27,265.15 while the low was at 27,090.00. Declines outnumbered advances by 624 to 221. The TOPIX index of all listed

stocks fell 19.39 to 2.108.66. while in London the ISE/Nikkei 50 index eased 1.59 to 1,736.57. Volume in Tokyo was again low at 403.1m shares compared with 435.96m on

A lack of guidance from overseas markets did not help in the run-up to today's anniversary of the global markets crash and the sale of the huge third tranche of NTT shares tomorrow and Friday. Concern over the outcome of a proposed capital gains tax remains.

Activity was restricted largely to profit-taking and bargain-hunting. Investors were said to be freelog their cash positions to buy NTT shares, and this led to profit-

NTT closed off Y40,000 at Y2m. The third tranche of its shares will be sold at a 3.5 per cent discount to today's closing

Utility companies and property stocks were among those hit by profit-taking yesterday. Tokyo Electric Power declined Y160 to Y6,146. Mitsubishi Estate fell Y100 to Y2,420 and Mitsoi Real Estate dropped Y90 to Y2,550.

Financial firms, which had alred significantly in the past few days, turned down. Their advance on the strength of the yen and on low interest rates

NEW ZEALAND recorded its best day for several weeks yes-terday on the eve of the anniversary of the 1987 crash, which wiped 500 points off the Barriay share index in one session, writes Dai Hayward in Wellington

The index, which has seerwed between 1,920 and 2,000 for the pest year, rose above the 2,600-mark for the first se in a month, closing up 13 at 2,004. More than 17m shares changed bands compared with the daily average of just

5m-6m for the past 9 months. Briericy Investments, the flagship of the New Zealand-based international investment group, was again the most active issue with 1.7m shares traded, adding 2 cents to NZ\$1.39. The biggest riser was newspaper group Wilson and Horton, up 8 cents at Since the stock market crash, 17 New Zealand compa-nies have failed and many others are struggling to survive with lesses of millions of del-lars. The market's capitalisation, which stood pre-crash at NZ\$50bn (\$31bn), has fallen to

Domestic investors, who suf-fered severely in the crash, have yet to regain full confi-dence in the market and have not returned in any great numbers. Most demand in New Zealand has been for leading shares, particularly those comnanies with international trading operations.

Brokers hope that recent favourable economic news, including the lowest inflation figure for 20 years, announced a few days ago, should help bring more confidence and activity back to the market.

had been the main force behind the rise in the TOPIX index. Daiwa Bank and Sumitome Bank both fell Y70 to Y1,400 and Y3,350 respectively. Steel issues, the volume leaders, mostly fell. Kawasaki Steel, most active with 33,5m

shares traded, dropped Y5 to Y900 while Nippon Steel, second in volume at 29.5m shares lost YIG to Y765. Among the few stocks to rise were pharmacentical compa-nies, which were felt to be

iow-priced. Sankyo added Y40 to Y1.970 and Daikin Selyaku increased Y30 to Y2,550. Riectrical companies also performed well, helped by the breek in the yea's rapid rise and the feeling that they also had been weak. The relative

strength shown by US presi-

Bush is also said to have helped electricals. It is felt that less pressure would be put on Japan concerning trade concessions with the US should Mr Push win the election.

Sony and Pioneer both added Y80 to finish at Y6,120 and Y3,180 respectively. Matsushita increased Y40 to Y2,330 while TDK rose Y60 to Y4,140. Toshiba advanced Y5 to Y1,000 and Hitach gained Y10 to

Profit-taking in Osaka hit share prices and the OSE average lost 153 to 25,240.82. Volume fell to 27.4m shares compared with 44.93m on Monday.

Roundup

LOSSES in Tokyo left the Asia

sithough strong commodity prices kept Australia shead in the face of profit taking.

AUSTRALIA continued to benefit from firmer commodity prices, but late profit-taking and Tokyo's fall brought shares off the day's highs. The All Ordinaries index ended 4.8 higher at 1,571.7 after touching 1.576.8. Turnover was 95m

shares worth A\$160m. Among industrials Elders IXL fell 2 cents to A\$3.37 after launching its bid for Scottish & Newcastle Breweries in the UK. After the market closed Elders announced that it is seeking shareholder approval to buy back as much as 10 per cent of its capital.

HONG KONG was lifted by takeover speculation in the hotels sector but nervousness before today's market heliday and the first anniversary of last October's crash left shares slightly weaker by the close, The Hang Seng index ended

3.15 lower at 2.590.41. The day's bid rumours were sparked by the opening suspen-sion of three stocks - Hongkong and Shanghai Hotels, Regal Hotels and Cathay City. There was no immediate explanation for the move, but after the market closed Cathay - a subsidiary of Century City Holdings - announced that it was ready to make an offer for Hongkong and Shanghai of HK46 per share. The approach was immediately rejected.

SINGAPORE shrugged off Tokyo's losses as bargain buy-ing and institutional demand sent shares higher. The Straits Times industrial index closed 13.02 higher at 1.016.09.

TAIWAN showed no signs of pulling out of its nosedive, and the weighted index fell 140.24

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